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Latin America

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Cuba

Foreign Ministry Warns of Response to Provocations

FL2508144995 Havana Radio Rebelde Network in Spanish 1155 GMT 25 Aug 95

[From the "Doing Radio" program]

[FBIS Translated Text] Statements issued from Miami by aggressive emigre groups residing in the United States regarding another planned attempt to violate Cuba's air and sea borders have been described by Cuba as a provocation. At a press conference yesterday, Cuban Foreign Ministry spokesman Rafael Dausa stressed that Cuba will not permit acts of this kind and is prepared to respond to them. Citing rumors regarding the possible participation of a Cuban born legislator in the incursion of a flotilla from the United States, Dausa stated that Cuba will respond firmly and decisively to these attempts, and will not be held responsible for what may happen to anyone who violates our air space or territorial waters.

Solidarity Groups Ask President Clinton to Change Policy

FL2608014695 Havana Radio Rebelde Network in Spanish 2300 GMT 25 Aug 95

[From the "Exclusive" program]

[FBIS Translated Text] Several organizations of the Cuban emigre community in the United States have asked President Clinton to lift the ban to travel to Cuba. The Antonio Maceo Brigade, Cubans Workers Alliance, Afro-Cuban Cultural Rescue, and the multi-ethnic Miami Coalition Organization held a press conference during which they told reporters about their opposition to the law that bans money remittances to their relatives in Cuba.

For many years, these organizations have been struggling for the normalization of relations between the two countries by advocating the end of the blockade on Cuba. They maintain that freedom to travel is a right guaranteed by the U.S. Constitution.

Intelligence Chief Criticizes U.S. Strategic Arms Plan

PA2608194695 Mexico City NOTIMEX in Spanish 1755 GMT 26 Aug 95

[FBIS Translated Text] Havana, 26 Aug (NOTIMEX) — Jesus Bermudez, chief of Intelligence Directorate of the Revolutionary Armed Forces (FAR) [as received] today accused U.S. Republican congressmen of trying to violate the Strategic Arms Reduction treaties.

Bermudez criticized the Republican Party's proposal to create in the year 2003 a new antimissile defense system at a cost of $40 billion.

"With that amount of money, a large part of the thousands of refuges in former Yugoslavia could be fed, or new hospitals and schools could be opened in the Third World to replace those that have disappeared," Bermudez said.

In an article published Saturday by the official daily GRANMA, Bermudez said that despite the opposition of congressmen from the Democratic Party who believe this would be defying Russia, the "extreme right" in the Senate approved the establishment of a system against ballistic missiles.

This program is similar to the "Star Wars," which was promoted by former U.S. President Ronald Reagan in the eighties, which failed due to its high costs and its high degree of vulnerability and fiction," the Cuban general said.

He added that the proposed arms systems, which characterized the "Cold War," reflect the new atmosphere in Washington's Capitol Building, which is "leading" political decisions toward the "extreme right," squandering the taxpayers' money.

Commentary: Unlikeliness of Changes in U.S. Policies

FL2608011995 Havana Radio Rebelde Network in Spanish 1155 GMT 23 Aug 95

[From the "Doing Radio" program]

[FBIS Translated Text] The U.S. blockade against Cuba sits as a obstacle between U.S.-Cuban relations that seems impossible to overcome. The negotiations that led to the immigration agreements opened some expectations, however, President Clinton's administration has not yet implemented any mayor changes to the policies of former governments.

Cuban Foreign Minister Roberto Robaina fittingly stressed that the United States is not discussing whether to chop off Cuban heads, but how they are going to do it. Robaina was referring to the prevailing trends in the position towards Cuba, supporting either the Torricelli law, or the Helms-Burton bill — the same dog with a different collar.

Extreme right-wing sectors headed by North Carolina Senator Jesse Helms, and Indiana Congressman Dan Burton, both Republicans, want to pass a bill that adds new measures to strengthen the blockade. Meanwhile, Democrat officials — including Clinton — believe that the Torricelli law is sufficient. Cuba has insisted that any improvement in bilateral relations would be difficult while the 30-year blockade remains in effect.

Ricardo Alarcon, president of the National Assembly of the People's Government, highlighted Clinton's government courage to discuss the immigration issue. Yet, he noted that the immigration agreements are proof of Cuba's political will to negotiate. However, Cuba has abandoned any hope of relations being softened in the near future because of the unlikeliness of Clinton deciding against it as we approach the 1996 elections, and there is no indication that blockade will end any time soon.

On the contrary, despite its stance against the Helms-Burton bill, Clinton's government has made concessions to the bill's supporters. Only those portions of the bill that violate international law or that create conflicts with U.S. allies were rejected. They are offering the carrot and the stick, instead of a solution to a blockade marked by hostility towards Cuba, which is the crux of the matter. In addition, the U.S. Government maintains the measures implemented on 20 August 1994, to ban travel and money remittances to relatives in Cuba.

In a nutshell, there are two ongoing trends in U.S. political power circles. The first calls for an intensification of the blockade. The second trend wants to maintain the current situation, giving concessions only when the U.S. goal of influencing from within Cuba is favored.

The future of the Cuban revolution, independence, and sovereignty are at stake. Therefore, the Cuban people ratify their traditional patriotism, which was evident during the 5 August march.

Commentary Examines Progress of Annexationists' Affairs

FL2608005795 Havana Radio Rebelde Network in Spanish 1155 GMT 25 Aug 95

["Our Opinion" commentary by Carlos Iglesias; from the "Doing Radio" program]

[FBIS Translated Text] Good morning listeners and everyone at "Doing Radio". Today I want to go over the progress of the Miami annexationists' affairs. Following the migration accords, the Cuban born ultra conservatives in Florida found themselves banished by the Democratic administration in Washington. Last May, President William Clinton completely ignored those groups, including the Cuban American National Foundation [CANF] which until that time had succeeded in positioning itself as the emigre community spokesman by efficiently using the U.S. political system. CANF leader Jorge Mas Canosa capitalized on that image for some time. He also used his close ties with the White House during the Republican administrations of Ronald Reagan and especially George Bush. In 1992 when William Clinton defeated his friend Bush, the CANF leader changed his allegiance. On 20 August, 1994, when Clinton announced travel restrictions and prohibited sending remittances to family members in Cuba, Mas Canosa was consulted and offered his full support of such measures. At the time, the President thought he had secured Florida's important electoral votes. However, last summer the White House realized that they had made a mistake and things began to change. Mas Canosa and his friends began to loose ground, not only in Washington but in their traditional bastion of Dade County where an opponent was elected county commissioner and approved an ordinance prohibiting uncontrolled urban development. It was a heavy blow to Mas Canosa's interests as a builder.

Subsequently, Mas Canosa followed a new strategy in an attempt to protect the first schemes that he is so attracted to. These projects include bolstering the alliance with the Republican party extreme right wing again — that is to say, return to the nest — because he believes that this quality may dominate the next U.S. presidential election in 1996. Such a train of thought ties him closely with the Helms-Burton bill, and colors him an annexionist and supporter of strengthening the blockade against Cuba. Another point is to fight Clinton; he is furious with him for leaving him out of agreement discussions. Thus, he is attaching himself to what he considers to be the vehicle destined to win the next elections. He has also heightened his inflammatory anti-Cuban campaign, emphasizing issues that instigate panic among U.S. citizens. One of those issues involves stressing the alleged dangers inherent in resuming work on the Juragua Nuclear Power Plant.

What is the moral of this story? Simply that the Miami annexionists are aligned with the worst of the anti-Cubans and change their political affiliation with the wind depending on what suits them at the moment, and as frequently as they have the nerve.

Commentary on Migratory Accords Versus Helms-Burton Bill

PA2508172995 Havana Radio Havana Cuba in Spanish 0000 GMT 25 Aug 95

["Radio Havana Cuba Comments," read by Norberto Hernandez from the "Evening Information Review" newscast]

[FBIS Translated Text] During the 12 years of the Reagan and Bush Republican Administrations the ultrarightist circles of the Cuban immigration in Florida had so much influence in the White House that their main spokesmen had free access to the Oval Office. No one could lift a finger in relation to Cuba without consulting the Cuban-American Foundation, headed by Jorge Mas Canosa, who has become a millionaire through the profitable business of the Cuban counterrevolution. Those were the years when the ill-named Radio Marti emerged, as well as the botched-up television station that transmits its useless subversive signal from a blimp placed over the southern Florida Keys. Those were also the days of the Torricelli Law and when the most aggressive language was used against the Caribbean neighbor that will not bend or surrender.

Then came the government of President Clinton, who is not a friend of Cuba, but seems to have a more refined political outlook and has his own ideas regarding the way he wants to handle his foreign policy.

The migratory agreement recently signed with the Cuban Revolutionary Government, which was negotiated and implemented without the previous approval of the Florida ultrarightists was a hard blow that shook up the most reactionary circles of Cuban immigrants in Florida. The Foundation invested some of its funds to stage ridiculous protests in Miami and other U.S. cities with a lot of noise and a few people. Within that framework, President Clinton was accused of being a traitor, and the hypocrites who had previously flattered him took off their masks right in the streets. They saw that their prosperous counterrevolutionary business was in serious danger. What they care about the most was at stake: their pockets. The President was benevolent toward them, but did not change his mind. The migratory agreements are being faithfully complied with, the illegal immigration of Cubans with economic problems to the United States was curtailed, and the United States is also honoring its commitment of granting 20,000 visas per year to Cubans who wish to emigrate to that country.

Now, the anti-Cuban bill proposed by Senator Jesse Helms and his partner Representative Dan Burton has emerged. They are trying to get the U.S. Congress to pass an absurd law that seeks to reinstate the colonial regime in Cuba and impose that policy on countries and institutions having economic relations with Cuba, as if U.S. laws were mandatory throughout the world.

Mexican Social Security Director Visits

PA2608031395 Havana Radio Rebelde Network in Spanish 1700 GMT 25 Aug 95

[Report by Aida Alvarez; from the "National Radio News" newscast]

[FBIS Translated Text] A Mexican delegation, headed by Genaro Borrego Estrada, the director general of the Mexican Social Security Institute, is currently visiting our country. The mission is interested in obtaining information about aspects of Cuba's public health system. Journalist Aida Alvarez obtained the following statements from the chief of the Mexican delegation for this newscast.

[Begin recording] [Borrego] We are truly very interested in broadening our knowledge of the health system that has been operating in Cuba for the past years. The system has very attractive characteristics such as family medicine, medical research, and treatment for elderly people and people with degenerative diseases. We are very impressed with the efficiency of Cuba's social services, its coverage, and the costs with which the Cuban health system operates.

[Alvarez] The Mexican Social Security Institute delegation that visits Cuba will sign cooperation agreements with the Ministry of Public Health. [end recording]

Agreement To Promote Investments Signed With Argentina

PA2708153595 Havana Radio Havana Cuba in Spanish 0000 GMT 26 Aug 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuba and Argentina signed an agreement for the promotion and protection of investments on 25 August, which according to analysts, will contribute to expand economic relations between both countries and attract the flow of Argentine capital to the island.

Jorge Guillermo Campbell, secretary of state for international economic relations for the Argentine Foreign Ministry and Raul Taladrid, vice minister of foreign investments and economic cooperation signed the document.

In a statement to the press, Campbell said his country views with interest and optimism the process of economic transformations in the island, which will strengthen bilateral relations. He added that great advancements have been made in the talks on Cuba's debt with Argentina, which totals some $1.2 billion. This, together with the agreement for the promotion of investments, are the two main instruments for the development of bilateral relations, he said.

Thus far, Cuba has signed nine reciprocal agreements for the promotion and protection of foreign investments with Latin American and European countries, and similar agreements will be signed with France, Germany, Switzerland, and Chile.

Delegation to Women's Conference Travels to Beijing

PA2708042995 Havana Radio Havana Cuba in Spanish 1300 GMT 26 Aug 95

[From the "Morning Information News" newscast]

[FBIS Translated Text] Today, Thursday, the Cuban delegation that will be taking part in the Fourth International Women's Conference this coming 4-15 September left for Beijing, China.

Vilma Espin, president of the Cuban Women's Federation and head of the delegation, stated to the press at the Havana airport terminal that one of the objectives of the Cuban contingent will be to explain Cuba's realities and the country's struggle in the current difficult economic circumstances to the rest of the delegations attending the women's conference.

The Beijing conference will attempt to find answers and solutions to the obstacles confronted by women in today's world, including such issues as access to labor markets, education possibilities, medical attention, and social rights.

Audit Chief on Legislation To Evaluate Financial Operations

PA2508173195 Havana PRENSA LATINA in Spanish 1904 GMT 24 Aug 95

[FBIS Translated Text] Nine months after the creation of the National Audit Office (ONA), the law regulating that activity, which was approved on 3 August, established the necessary legal body to bolster the changes the Cuban Government is introducing in its economic system.

ONA chief Ibrahim Ferradaz told the media today this legislation, the first of its kind on the island, was designed to evaluate and study the accounting and financial operations stemming from the new economic and property relations that have arisen in recent years.

The ONA was created by an agreement of the Council of Ministers in November 1994, officially inaugurated in May, and has already carried out a number of audits, primarily in the tourist sector.

Ferradaz added that the ONA's efforts were aimed at encouraging honest and reliable national statistics, which are essential to foreign investors, and contributing to the efficiency of the economy.

Ferradaz told PRENSA LATINA: "For those of us who have worked on the bill, making it uniform with international laws regulating this activity, was a basic premise."

The ONA official said many foreign auditing systems were studied, above all the Latin American and Spanish auditing systems, seeking to facilitate economic and commercial ties with the exterior and with the various forms of regional integration.

In that sense, Ferradaz said there was fluid cooperation with foreign firms in that sector and with a number of the eight largest international auditing firms.

One of the novelties of the law is the establishment of independent audits carried out by firms or professional associations on private, joint, or other economic associations that request that service.

"Management controls" are also established to verify the efficiency of companies and the proper handling of their funds.

Regarding the training of auditors, Ferradaz said that intensive courses are being organized, that the programs of the economic departments of universities are being revised, and that other measures are being taken.

Ferradaz concluded that an international program for auditors has been scheduled for the end of 1995. Twenty-five specialists from a number of countries in the area will attend.

Minister Comments on Sudden Peso Appreciation

PA2608150595 Havana PRENSA LATINA in Spanish 0536 GMT 26 Aug 95

[FBIS Translated Text] Havana, 26 Aug (PL) — The authorities attributed the sudden revalorization of the Cuban peso in street transactions that led to an exchange rate of between 10 and 15 pesos per dollar to measures to tidy up domestic finances.

According to government sources, the lack of national currency issuances, the measures aimed at decreasing the amount of circulating money, and an increase in the flow of foreign currency from abroad provoked an abrupt increase in the value of the peso. This development has created expectations among the population and observers.

Cuban citizens have watched with surprise how the dollar value dropped in the underground market from a ratio of one dollar to 35 pesos, to one dollar to 10 pesos in only two weeks.

Raul Taladrid, deputy minister of foreign investment and economic cooperation, said that this development "is the result of a policy to tidy up domestic finances started a year ago."

Taladrid denied that the government introduced foreign currency to bring about a meteoric recovery of the

Cuban currency, which had at one time been devalued to 120 units for one greenback.

"The shortage of foreign currency is strangling the Cuban economy, and thus, we cannot apply or use them to influence the unofficial exchange rate," the deputy minister told the media.

Meanwhile, in the past days Cuba and Argentina have given a strong thrust to the expansion of their economic bilateral ties by initialing in Havana an agreement for the mutual protection and promotion of investments that will be signed in Buenos Aires soon.

Jorge Guillermo Campbell, secretary of state for international economic relations of the Argentine Foreign Ministry, described as enormous the progress achieved in the area of foreign debt, which is among the main issues of current talks.

All technical formulas related to the Cuban debt have been analyzed with the South American nation, but the ones that will be applied in the renegotiation process have not yet been chosen, said Ricardo Sigwald, second vice president of Argentina's Investment and Foreign Trade Bank.

In this regard, the provincial government bodies continue to analyze a foreign investments bill. This is the step leading to its discussion by the National Assembly (Parliament) during the next session that will start on 4 September.

The bill calls for the greatest possible degree of security and guarantees for foreign investors and expressly defines the sectors of the national economy where activity will be authorized, the forms that this activity can take on, and the controls established for this.

Deputies Prepare To Discuss Foreign Investment Bill

PA2708140795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 26 Aug 95

[Report by Gladys Rubio]

[FBIS Translated Text] Parliament deputies for the economic, constitutional, and legal affairs commissions met once again to analyze the modifications to be included in the draft bill for foreign investments, which must be considered during the upcoming session of the National Assembly on 4 and 5 September.

[Begin Deputy Oswaldo Martinez recording] In reality, this is the third meeting. Since July we have met with the companeros of the Foreign Investment and Economic Cooperation Ministry to discuss the draft bill. In addition, meetings have been held in all provinces, with the participation of all deputies and director representatives of the Foreign Investment Ministry, where deputies have been given every information on all possible aspects, especially technical aspects of the law, and we, in turn, collected all of the opinions from the deputies. [end recording]

Oswaldo Martinez referred to the points that deputies analyzed the most.

[Begin recording] [Martinez] Several points. Discussions have been carried out, for example, on the guarantees to investors, labor contracting regulations, labor norms for foreign capital operations, and also norms regulating environmental protection that must be included in foreign investments. In other words, a group of aspects.

[Rubio] As a specialist, how would you define the importance of this law taking into account Cuban development strategies?

[Martinez] I feel that it is very important. It is clear that foreign capital is an element that has joined and forms part of our economic strategy and is not a circumstantial factor, but a permanent one with which we must continue to reckon with and continue to work with toward the future for the reasons that have already been explained perfectly well by the country's leaders.

It was essential, I would say, to bring up-to-date our legislation on foreign investments, taking into account current world investment process realities. I believe that this law complies with the basic requirements of offering a clear, precise, and transparent opportunity for the investment of foreign capital, thus it is an element that makes foreign investment more attractive, without forgetting or in any way neglecting the protection to the country's interests. This includes labor, environment, fiscal, and every type of interests for the country's development. [end recording]

Commentary Views New Foreign Investment Bill

PA2508222495 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Aug 95

[Commentary by Jose Yanez; read by station announcer Cesar A. Redondo; from the "National Radio News" newscast]

[FBIS Translated Text] The legislative foundation for foreign investments, as may be recalled, is Decree 50 of 1982 which — regardless of whether it may be old or may not be considered to have an equivalent abroad, as Ernesto Melendez, minister of foreign investment and economic cooperation, recently stated — has become outdated.

For example, on that occasion Melendez said that it does not contain some forms of investments, since all the areas of the economy are now practically open to foreign capital. In addition, Melendez criticized the current legislation on the matter because at times it cannot be fully understood at a glance. In this respect, Melendez announced that the new bill will include other modalities and contain more flexible mechanisms and certain regulatory elements that will make understanding it easier.

The main objective of the new legislation is to attract foreign capital, Octavio Castilla, vice minister of foreign investment and economic cooperation, also recently explained. But he noted that open financial systems do not compromise in any way the country's assets or properties, such as sugar mills, railroads, machinery, and, much less, the land.

In other words, the country remains unquestionably ours with the new or old legislation. It is basic in such a vital topic to remember that the only way possible to guarantee a stable flow of foreign capital in the short term is by establishing joint ventures. Hence, a new law that will offer more transparency, pragmatism, and security to investors warrants top priority and consideration at this time.

The promulgation of this new law will undoubtedly open new perspectives on changes regarding the handling of joint ventures, especially those that tend to make the economic opening process and those related to foreign investors clearer.

Haiti

CEP Official Details Duties of Electoral Officers

PA2508225795 Port-au-Prince Tropic FM in Creole 1200 GMT 25 Aug 95

[FBIS Translated Text] Mrs. Marie-Laurence Jocelyn Lassegue, the secretary general of the Provisional Electoral Council [CEP], explained the position of the electoral officers the CEP president mentioned during his latest meeting with the press. The electoral officers are employees working in the electoral machine. This great job, according to her, requires always remaining in the polling stations.

The electoral officers will remain in the polling stations during the unfolding of the second round of the elections that will be held on 17 September, according to Mrs. Lassegue, who went on to say the objective of such a decision is to have a better outcome and more transparency within the scope of the voting operations that will take place next 17 September.

The number of delegates representing the political parties in the polling stations will increase, according to Mrs. Lassegue. We want to be clear: The second round of the elections will unfold without worries and with as much transparency as possible, still according to Mrs. Marie-Laurence Jocelyn Lassegue, secretary general of the reshuffled CEP.

CEP Publishes Timetable; Parties To Boycott Ballot

PA2508210095 Port-au-Prince Radio Metropole in French 1600 GMT 25 Aug 95

[From "The Midday Newscast"]

[FBIS Translated Text] The Provisional Electoral Council [CEP] has published the timetable for the elections of next 17 September, the second round of the legislative elections. Seven senators and 56 deputies will be elected.

According to the electoral timetable published by the CEP, the campaign will begin on Monday, 28 August, and will end on 15 September. The CEP should distribute the voting material in the Departmental Electoral Offices between 10 and 12 September.

Meanwhile, the political parties that contest the organization of the 25 June elections, the first round, have stuck to their positions, according to LE NOUVELLISTE. The paper reports that the National Front for Change and Democracy has maintained its position on boycotting the second round of the elections, saying that the Lavalas Political Organization ignored the proposals they made during a meeting at the beginning of the week between President Aristide and the representatives of four political parties.

Furthermore, the Nationalist Progressive Revolutionary Party of Haiti [PANPRA] and the National Congress of Democratic Movements [CONACOM], which both participated in that meeting, have decided to boycott the second round of the ballot. A PANPRA member quoted by LE NOUVELLISTE thinks the political parties are not the origin of the deterioration of the situation, whereas the CONACOM official interprets the CEP's decision to set the second round of the elections for 17 September as a bad sign.

Leaflets Urge Aristide To Stay in Power 3 More Years

PA2508225995 Port-au-Prince Tropic FM in Creole 1200 GMT 25 Aug 95

[FBIS Translated Text] In Petit-Goave, when the population got up yesterday they found this city flooded with leaflets saying: "Aristide for Three Years or Small

Boats Go to Florida." Let us listen to details from Marius Emmanuel.

[Begin Emmanuel recording] When the population of Petit-Goave got up on Thursday, 24 August, they found the city flooded with leaflets on which we can read: "Up With President Jean-Bertrand Aristide for Three Years"; "Aristide for Three Years or Small Boats."

No people's organization or political party want to comment on this leaflet, which was dropped everywhere in the commune of Petit-Goave. We are recalling that at the end of July leaflets were circulating throughout the commune and asking that elections be held for deputies, mayors, and CASEC's [Communal Section Administration Councils], but that no presidential elections be held for three years. Marius Emmanuel in Petit-Goave for Tropic FM. [end recording]

Port-au-Prince Flooded With Anti-Privatization Leaflets

PA2508232295 Port-au-Prince Tropic FM in Creole 1200 GMT 25 Aug 95

[FBIS Translated Text] I am reminding you that the government declared last night on TNH [Television Nationale d'Haiti] that the debate on whether they will or will not privatize state-owned enterprises is open. On the night of 24 to 25 August, the metropolitan area of Port-au-Prince was flooded with leaflets, and we will read for you exactly what is written on them: "Down With Any Privatization by Crooked Dealers," "Down With All Those Who Are Against the People's Interests," "Down with Smarck Michel, Down With Marie-Michele Rey, Up With Haiti." This is what we read in a leaflet we have in our hands now.

We must point out that, along with rumors on the privatization issue, it is also rumored that the government allegedly raised the monetary ceiling on the sly. People in the opposition have made statements and denounced this, such as Hubert de Ronceray, who says the government is not acting with transparency because it is raising monetary ceilings on the sly.

We will remind you that in the past few years the Bazin government set the record for increases in the monetary ceiling.

Anyway, Finance Minister Mrs. Marie-Michele Rey, as well as Central Bank Governor Leslie Delatour, should publicly explain whether the rumors that the government allegedly raised the monetary ceiling on the sly are true.

FRAPH's Constant Writes Electoral Council on Candidacy

PA2508223995 Port-au-Prince Tropic FM in Creole 1200 GMT 25 Aug 95

[FBIS Translated Text] Emmanuel Toto Constant, head of the Revolutionary Front for the Promotion and Progress of Haiti [FRAPH], says he is a candidate for the post of president in the elections scheduled to be held at the end of the year 1995. The FRAPH leader wrote a letter published in the latest issue of LIBERTE in which he asks the president of the Permanent Electoral Council — this institution does not yet exist — to formally record his candidacy and then let him know the formalities he must fulfill so he can run for president.

Emmanuel Constant's letter, dated 31 July 1995, has not reached the Provisional Electoral Council [CEP], according to one of the persons in charge of public relations in the CEP we talked to.

We are reminding you that it is today, Friday, in Maryland, in the United States, that Emmanuel Constant will have to be tried. The judge can decide to deport or to extradite Emmanuel Constant, who is accused of many crimes, according to the anti-FRAPH organization headed by Felix Ansito.

Interim Police To Be Demobilized, Transferred in 15 Days

PA2508215395 Port-au-Prince Signal FM Radio in French 1030 GMT 25 Aug 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] The complete demobilization of elements of the Interim Police Force will take place in about 15 days, Lieutenant Jean-Lyonel Trecil, spokesman for the Interim Police, announced yesterday morning. In two weeks, members of the new police force will be on duty in several districts of the Port-au-Prince metropolitan area, such as the Vehicle Traffic Service, the Anti-Gang Service, and so on, Jean-Lyonel, who was answering Signal FM's questions, reported. [words indistinct]

It should be pointed out that warrants for arrest have been issued against several people from Jean-Rabel in the northwest. They have been accused of having participated in the bloody massacre that cost the lives of several dozen peasants in July 1987.

[Port-au-Prince Signal FM Radio at 1930 GMT on 25 August reports on an interview with Interim Police Force spokesman Lieutenant Jean-Lyonel Trecil. The spokesman denies that there will be a general demobilization of the interim policemen. The radio reports: "We just heard Mr. Trecil saying most of them will be transferred in less than 15 days to other posts."]

Zedillo Delivers Property Deeds To Nayarit Indians

PA2708224295 Mexico City XEW Television Network in Spanish 0430 GMT 25 Aug 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Today, in the mountains of Nayarit, President Zedillo delivered more than 10,000 property deeds and certificates to peasants from 14 Nayarit localities.

President Zedillo said in Tepic, Nayarit, that the Mexicans are now past the most difficult moments of the financial crisis that exploded in December. He said that now we have the possibility of seeing the beginning of economic recovery.

The president initiated his first work tour in Nayarit at Jesus Maria Community, El Nayar Municipality, in the very heart of the Sierra Madre Occidental mountain range.

Hundreds of Indians from the Cora, Huichol, Mexicanera, and Tetehuana ethnic groups gave him a warm welcome. A group of women wearing traditional dresses gave President Zedillo and his wife pouches and purses embroidered with multicolor threads and wristbands.

The Mexican president heard Indian governors and councils of elders speak of their communities' pressing needs.

In El Nayar mountain range live 21,000 Indians, most of whom do not speak Spanish and are trapped by extreme poverty.

President Zedillo admitted that the demands of the Mexican Indians have always occupied the last place in the political line of Mexican Governments.

[Begin Zedillo recording] We cannot fool ourselves. The Indians have always been in last place, at the end of the line of those who make demands on the government's social policies. They have always been last in receiving, when they do receive, benefits from that social policy. [end recording]

Zedillo headed a meeting called Nayarit Moves Toward the Future, at Poliforum, in Tepic, the capital of Nayarit. There he spoke about the overdue debt problem and the agreement in support of debtors that was signed in Mexico City and that will benefit more than 6 million Mexicans, many of them farmers.

[Begin Zedillo recording] I want to say that this step, which is very important and to which the government is committing many resources, is but one step, one of many steps we must take toward a new finance system for Mexican farmers. [end recording]

In Nayarit President Zedillo was accompanied by his wife — Nilda Patricia Velasco — State Governor Rigoberto Ochoa Zaragoza, Social Development Secretary Carlos Rojas, Agrarian Reform Secretary Arturo Warman, National Indigenous Institute Secretary Carlos Tello Macias, and Guillermo Guerrero Villalobos, general director of the National Water Commission.

The president returned to Mexico City this evening.

PRD, PAN Sign 10-Point Document on Electoral Reform

PA2408183395 Mexico City XEW Television Network in Spanish 0430 GMT 22 Aug 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The PAN [National Action Party] and PRD [Party of the Democratic Revolution] joined today to disclose a joint political document. To begin a negotiation between political parties and the government guaranteeing clean and reliable elections, this Monday the national leadership of the PRD disclosed the 10 fundamental points for the electoral reform it signed together with the PAN.

In a news conference in Mexico City, Porfirio Munoz Ledo, president of the PRD National Executive Committee, stated that this document is the result of consultation between IFE [Federal Electoral Institute] citizens councilmen and members from parties, among other political personalities. He remarked that the document represents the most advanced ideas for the electoral reform.

[Begin Munoz Ledo recording] I believe this is perhaps the most complete, coherent, and advanced set of electoral reforms ever prepared in the country. We are also formally inviting other political parties to sign these points and to commence a serious and responsible negotiation on the electoral issue of the country. [end recording]

Carlos Castillo Peraza, president of the PAN, announced in a news conference that the PAN and PRD have signed the document called 10 Basic Points for the Electoral Reform. Upon disclosing the document, Castillo Peraza explained that by doing this, both parties state their political willingness to find solutions to Mexico's political crisis.

[Begin Castillo Peraza recording] With this, we are trying to avoid that the attitude of the PRD and PAN be misinterpreted, in the sense there is a stubborn or closed-minded determination not to reach agreements and that opposition be accused of refusing to cooperate in this. [end recording]

Castillo Peraza did not say where or when the document was signed. The 10 points agreed by both parties are:

1. That the autonomy and full independence of the IFE be attained.

2. That the exercise of political rights of citizens and actions of electoral authorities be subject to constitutional control.

3. That equality is established as a principle for the granting of public financing for political parties.

4. That the principle of equity govern political parties' and candidates' access to mass media.

5. That the use of patriotic colors and symbols by any political party be banned.

6. That the conditional registration status of political parties disappear and a single registration status be established.

7. That conditions be facilitated to form coalitions and to nominate common candidates.

8. That the personal identity card become the instrument for identifying voters at the polling stations and the registration in the electoral register be done based on a housing census, recording the home location of citizens.

9. That public programs not be identified by any means with party programs and much less they be used with electoral purposes; that their propaganda be suspended in electoral times.

10. That any form of collective affiliation to political parties be banned.

Castillo Peraza added that the immediate designation of a new IFE director resulting from consensus among the parties should be complemented with this agreement.

PRI President Proposes Dialogue With Opposition

PA2208152895 Mexico City REFORMA in Spanish 21 Aug 95

[Report by Roberto Zamarripa — received via Internet]

[FBIS Translated Text] In one of the worst moments in the history of the PRI [Institutional Revolutionary Party], PRI President Santiago Onate Laborde has proposed a dialogue with the opposition to ensure the country's governability.

A conciliator, a "fire-quencher" of the system in critical periods, and the author of two electoral reforms in the past 10 years, Onate believes the PRI internal reform seeks to achieve "a new organization, in keeping with the new ways of doing politics in the country."

He refuses to give details because the reform's agenda will be submitted "to a broad discussion," but he predicts that the party should redefine its relation with society.

A reform to outline "the PRI's political usefulness for the new generations" and the sectors that no longer participate in civic affairs.

Onate says that "we do not expect favors outside the law" from our relationship with President Ernesto Zedillo, but dialogue and respect. We not only expect to be treated as "any other political force," but also as the political party that brought Zedillo to power.

Onate states that he already established contact with Carlos Castillo Peraza and Porfirio Munoz Ledo, PAN [National Action Party] and PRD [Party of the Democratic Revolution] counterparts, respectively, to begin discussing "common issues."

Concerning one of those common issues — the appointment of the IFE [Federal Electoral Institute] director — he says that this person should be impartial and should be acquainted with the IFE and the electoral law. It will be difficult to combine these qualities with "a historic neutrality" or with a person who has no connection with any party.

The PRI, he remarks, will even discuss the possibility that the new IFE director might have been a militant of an opposition party.

Wearing a jacket and still showing the signs of a sudden transfer, 43-year-old Onate Laborde warns that the lack of results on the investigations of the political crimes committed against leaders of his party has generated restlessness.

He announced that if some PRI members are found guilty of having participated in those assassinations, the law should be enforced "without any distinction due to political membership."

PRI, PRD National Leaders on Parties' Links With Society

PA2408130995 Mexico City XEW Television Network in Spanish 0430 GMT 22 Aug 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The national leaders of the political parties represented in Congress — PRI [Institutional Revolutionary Party], PAN [National Action Party], PRD [Party of the Democratic Revolution] and PT [Labor Party] — will state their position regarding the relationship that should exist between political parties and the civilian society. They are attending a colloquium at the Federal Electoral Institute on 21 and 22 August.

In his first public presentation as PRI National Secretary Santiago Onate Laborde spoke on behalf of his party this morning. He said that the PRI's main challenge today is strengthening and unifying the party, and seeking and obtaining favorable results in the next elections. Onate recognized that there is rejection and detachment from society toward political parties.

[Begin Onate recording] We believe parties should be transformed, as they must be the political link between citizens and the government. Those channels should not only contribute to establishing national representativeness, but should also be a way to contribute to governability. [end recording]

Onate said it is necessary to reinforce relations between political parties and social organizations.

PRD National President Porfirio Munoz Ledo participated in the afternoon session.

[Begin Munoz recording] For the PRD, the expressions of civilian society are what distinguish a democratic transition from a democratic revolution. [end recording]

On 22 August the PAN and PT leaders will state their views on the relationship between political parties and civilian society.

In the afternoon, Onate received PRI rank and file leaders headed by Carlos Jimenez Macias at the party's headquarters. Onate promised to create a favorable climate for debates.

[Begin Onate recording] ...a climate beyond insults and slander; beyond groundless accusations. We must realize that insults and slander are not arguments. [end recording]

The PRI rank and file leaders expressed their support to their new national leader.

Report Outlines Half-Year Economic Figures

PA2408153895 Mexico City LA JORNADA in Spanish 21 Aug 95

[Report by Juan Antonio Zuniga — received via Internet]

[FBIS Translated Text] A little over 775,000 people have lost their jobs during the first semester of this year, and those who kept their jobs experienced a 6.3-percent drop in their remuneration for the same period.

Loss of jobs, inflation, salary deterioration, drop of production in the three largest sectors of economic activity, subsidies to bolster commercial banks in an amount exceeding $5 billion, reduction of retail and wholesales, and a general drop in productive investment, are some of the main results disclosed in official reports from federal government agencies and organizations at the end of the first semester of 1995.

Throughout the first part of the year, 121,000 people were dismissed or lost their jobs monthly, at a rate of 4,036 daily, due to the shutdown of their companies, according to the number of affiliates to the Mexican Social Security Institute (IMSS), the membership of which declined by 7.64 percent with respect to the end of December of 1994.

The total number of insured persons at the end of June was 9,361,604 workers, after 1,579 people lost their jobs daily during that month, bring the monthly total to 47,366 jobless. They are now added to the number of individuals who lost their formal source of income during the first semester of the year.

Nevertheless, the open unemployment rate in urban areas remained at 6.6 percent as a percentage of the working population (PEA), just like in May. This reveals statistically a stop in the rate of growth of the number of unemployed persons, in accordance with the National Institute of Statistics, Geography, and Information Science (INEGI).

In contrast, 33,612 job opened at the assembly plants installed in the national territory, according to INEGI, which equals to 4.3 percent of the jobs the Mexican economy lost between January and June of 1995.

Prices, Salaries, Sales

The increase in prices caused by the peso devaluation with regard to the dollar throughout the first semester of the year was unproportionate, both regarding the components of the consumption basket according to the income level and the areas having greater effect on family economies.

According to information from the Bank of Mexico, general inflation accumulated from January to June was 32.92 percent, but inflation regarding the so-called basic market basket was 39.36 percent.

At a less aggregated level, though still an average, the behavior of the price of goods and services of family spending was the following: food, beverages, and tobacco went up by 35.77 percent; health and personal care showed a 36.49-percent increase over the level in December; furniture and domestic appliances 42.87 percent; and transportation 44.53 percent.

In general terms, one new peso bought in June what 81.6 new centavos bought in December of 1994, that is, it experienced a 18.37 reduction which was insufficiently tempered by the few and insignificant increases in the remuneration of workers who kept their jobs until the end the first semester of the year.

According to the payments made to the IMSS, the average salary of workers affiliated to that organization showed a 6.3-percent downturn. According to INEGI, average real income in manufacturing corporations dropped by 6.3 percent also, and income of persons hired in commercial establishments dropped by 8.6 percent.

The unemployment increase, which reduced the number of loyal consumers, the deterioration of the money's purchasing power due to the inflationary impact, and the real contraction in workers' wages had an unprecedented impact on domestic commercial sales.

Between January and May 1995, total sales in commercial stores in the country's three largest cities — namely, Mexico City, Monterrey, and Guadalajara — dropped by 17.5 percent in annual terms. Breaking this figure down by type of business, retail sales dropped by 23.4 percent, as compared to the first five months in 1994, and wholesales dropped by 7.9 percent.

Bank Subsidies

Faced with a precarious financial situation, Mexican banks received 34.255 billion new pesos during the first half of the year — this amount closely represents 33 percent of the banks' total overdue credit portfolios — to meet their short-term obligations, according to official information the Finance and Public Credit Secretariat released.

Through the Savings Protection Banking Fund (Fobaproa), those banks facing financial problems received subsidies amounting to 21.478 billion new pesos, 2.284 billion of which were returned before the first half of the year ended, particularly starting in April.

In addition, the Temporary Capitalization Program (Procapte) was implemented to mitigate the impact the increase in total overdue portfolios has, especially those of the banking intermediaries, the capitalization indexes of which are less than 8 percent of their risky assets. In other words, Procapte was implemented to avoid the insolvency of banks facing this situation.

Through this mechanism, 3.493 billion new pesos were funneled to banks throughout the first half of the year so that, in general terms, banks received subsidies amounting to slightly more than 34 billion new pesos, approximately 14 billion of which they have been able to return. They still have to return 20.293 billion new pesos.

As the first half of 1995 ended, the Mexican economy recorded a 5.8 percent drop, as compared to the fist half of the year in 1994, after the three largest sectors of the formal economy recorded contractions for the first time in at least 25 years, according to the INEGI's follow up on domestic accounts.

The primary sector of the economy — namely, the agricultural, forestry, and fishing sector — dropped an average of 9.8 percent, which was particularly evident as a result of a major contraction in the agricultural activity, the economic figures of which have yet to be made public.

In the industrial or secondary sector, the results were different by activity. Together, however, they recorded a 6.2 percent contraction, which is mainly the result of a 15.9 percent drop in construction and a 5.5 percent drop in manufacturing production, which was not compensated by a 4.8 percent increase in production of energy, gas, and water. Mining activities failed to increase, but they did not decrease either.

Services, which constitute the largest sector in Mexican economic activities as it represents 60 percent of the GDP [gross domestic product], recorded an annual decrease of 5 percent at the end of the first half of the year.

Breaking these figures by type of activities, commerce, restaurants, and hotels contracted by 13 percent; transportation storage, and communications increased by 0.4 percent; social and community services dropped by 0.6 percent; and financial services, insurance, and real estate increased by 2.2 percent.

Furthermore, the production generated by the exporting assembly plant industry increased at an annual rate of 15.9 percent, which doubled the 7.2 percent rate recorded in the first five months of 1994.

With reports older than those of the INEGI, the gross fixed investments reported by the Bank of Mexico recorded a 24.3 percent fall between January and April, as compared to the same period in 1994. Breaking this figure down by sectors, investments in imported machinery and equipment dropped 36.1 percent in annual terms during the aforementioned period, and investments in locally made machinery and equipment decreased by 33.7 percent. Finally, investments in the construction industry fell by 15.1 percent.

Finance Secretariat Sets Economic Priorities

PA2408161195 Mexico City LA JORNADA in Spanish 21 Aug 95

[Report by Roberto Gonzalez Amador — received via Internet]

[FBIS Translated Text] Once the Mexican government "has solved the dollar-denominated short-term debt," the priority of the economic policy for the remainder of the year will be to implement measures to reactivate the productive apparatus, increase employment, and "solve the problem of debtors" of banks, the Finance and Public Credit Secretariat (SHCP) has announced.

In an assessment of the evolution of the economic program during the second quarter of 1995, the SHCP noted that for the rest of the year the available federal government resources, some $26.5 billion, will be 70.96 percent above the requirements for foreign currency for this same period, estimated at $15.5 billion.

Based on this consideration, the SHCP stated that paying the Treasury Bonds (Tesobonos) and the service and amortization of the foreign debt, as well as the financing of the current account deficit, will not pose any problems to the public finances, which is why the government's action will be aimed at rescuing the real sector of the economy.

According to the SHCP analysis, the collapse in the economic activity touched bottom in June, when the gross domestic product (GDP) fell 10.6 percent a year.

In that respect, the report indicated that the drop in the GDP during the second quarter 3.1 percent, compared to the first quarter of 1995, a smaller figure than the 7.8 percent reduction the first quarter registered when compared to the fourth quarter of the previous year.

The report noted that the economic policy measures adopted in the wake of the devaluation of the peso with regard to the dollar at the end of last year have rolled back the negative balance in the balance of commerce, curbed inflation, and maintained the terms of exchange.

The SHCP balance also constitutes an announcement that the economic policy that has been in force in the country for over one decade will not change, despite the profound crisis that is hurting the productive apparatus.

The entity affirmed that the government is committed to maintaining market policies that expand structural change, promote small and medium industries, and increase domestic savings. It stated that promoting long-term direct foreign investment will continue to be a key element of the official strategy.

"Together, the reforms of previous years, the perspective of a vigorous growth, and the recently adopted measures will make it possible to regain confidence in Mexico," it affirmed.

The SHCP stated that "the process of structural change" is being implemented simultaneously in different fronts and that the "reforms of past years included trade liberalization and other measures to promote the efficiency of the commercial sectors of the economy. The reforms being made aim at providing efficiency in the noncommercial sectors of the economy."

The assessment by the SHCP on the evolution of the shock program imposed in the country on 9 March, maintained that the key to stabilize the financial markets following the devaluation will be to restore the confidence of investors. In this regard, it added that the funds available from the international aid package exceeded the needs for financing, and that, in addition, the provisions of those resources were allocated to amortize short-term debt, which made it possible to extend the due dates.

During the second half of the year, the SHCP adds, Tesobonos as well as external debt payments will have decreased and will be less than available resources.

Based on forecasts made this past 12 August, the Finance Secretariat explained that during the third quarter of the year the federal government will have available resources amounting to $15.1 billion originating from the privatization program, direct foreign investments, banking sector payments, U.S. Treasury funds, as well as contracted external and IMF loans.

This previously mentioned amount will be 65.93 percent greater than the $9.1 billion in currency that will be required during the same period and earmarked to finance the current account deficit, "other" federal government "flows," foreign debt repayments, and IMF capital repayments, as well as repay Tesobonos.

In the meantime, during the next three months, the Federal Government is counting on receiving nearly $11.4 billion from the same sources, an amount that will surpass the country's currency requirements during the same period by 78.12 percent.

The SHCP points out that Mexico's foreign debt interest payments during the current year will be equivalent to 14 percent of total exports. Total external debt will be equal to 175 percent of total foreign sales, and short-term external debt is expected to represent 17 percent of total debits.

At the same time, the SHCP indicates that the Mexican government will take advantage of its 1996 capital repayment calendar to refinance its debt. Next year, the SCHP explains, foreign debt and Tesobonos repayments will be 58.9 percent less than during 1995 which will allow the government to issue new treasury bills.

The SHCP adds that new debt issues will seek to "minimize" the cost of attracting funds, extend maturity terms, and reduce "Mexico's vulnerability" to changes in interest rates, currency exchanges, and capital flight.

In addition, the SHCP points out that "through the use of liquidity indicators along a yield curve" the authorities intend to upgrade its transparency which is used as a gauge to "determine Mexico's risk factor in the financial markets." The authorities also intend to expedite the reentry of Mexican firms back to the capital markets by fixing limits to the number of placements and preventing any excess issues.

Organizations Form Front; Propose Economic Strategy

PA2408144995 Mexico City LA JORNADA in Spanish 22 Aug 95

[Report by Laura Gomez Flores — received via Internet]

[FBIS Translated Text] A reorientation of public spending in the fields of education, health, housing, and a fiscal reform to make more "equitable" the tax burden on persons and company profits, are some of the points that business, agriculture-livestock, and civilian organizations have presented to the Senate as part of their economic alternative strategy for the reactivation and development of Mexico.

Organized in a common front, over 200,000 representatives of productive sectors requested a revision of the autonomy of the Bank of Mexico, application of a policy that will lead to lower interest rates, without being subject to the need of attracting speculative capital, and securing financing for development, depending mainly on the resources generated by internal savings.

Among the 12 main points of the strategy, which seeks a "liftoff" of productive units, are a 25 percent minimum wage increase as part of a policy of gradual recovery of workers' buying power, and solving the problems of past overdue loans through the payment of interests on delayed payments and their recapitalization.

In the document, which will be presented to the Senate this coming Wednesday, Civic Alliance, El Barzon National Union of Agricultural Producers, Merchants, Industrialists, and Lenders of Services, Mexican Group of Action in the Face of Free Trade (Red Mexicana de Accion Frente al Libre Comercio), Businessmen' Forum of Change (Foro de Cambio Empresarial), National Processing Industrialists Association, Permanent Forum of Action and Resistance Against the Crisis (Foro Permanente de Accion y Resistencia contra la Crisis), National Union of Autonomous Regional Peasant Organizations, and the Mexican Confederation of Coffee Growers request a moratorium on the foreign debt payment.

In the 14-page strategy, they request the reinstatement of the functions of overseeing public spending by the Congress and, hence, the elimination of the Secretariat of the Comptrollership and Administrative Development (Secodam), and promoting of a new administrative reform.

The signatory organizations deem it necessary also to revise the plan of subsidies of the agriculture-livestock sector, to grant the agricultural producers a price of support, which will cover costs and provide a reasonable profit, and to apply an industrial policy that will support the development and assimilation of technological capabilities to make national industry competitive.

In the commercial aspect, they request a redefinition of the bases to provide an opening for and protection of products that are at a disadvantage, exercising the right to review the NAFTA and to make it conform to the new strategy.

In this manner, they seek to shape the law of national economic reactivation by promoting productive units and diminishing the high rates of unemployment on the path to overcoming the crisis.

El Barzon Movement Criticizes Government Measures

PA2608231395 Mexico City LA JORNADA in Spanish 24 Aug 95

[Received via Internet]

[FBIS Translated Text] Alfonso Ramirez Cuellar, national leader of El Barzon Movement, has said that the current measures that the Government of the Republic is implementing to solve the economic crisis are strictly political but unsubstantive, and thus, President Ernesto Zedillo on 1 September should announce a change in economic policy to resolve the overdue portfolio problem.

Meanwhile, about 50 mortgage loan debtors in Colima symbolically "occupied" branches of Serfin and Banca Cremi, and presented letters announcing their decision to temporarily suspend payments, because of high interest rates and increases in monthly payments by those institutions.

The debtors, headed by Gonzalo Castaneda Bazavilvazo, leader of the Colima Civic Union, affirmed that they are not refusing to pay their housing mortgages, but added that it is difficult for them to meet such payments under the current circumstances.

Ramirez Cuellar said that the legislative branch should offer a solution to this economic problem, because the executive branch is "unable" to meet the needs of Mexicans.

He noted that there must be substantive changes in the country's policy, because "current schemes to restructure the debt, such as the UDIs [Investment Units] and those announced today (23 August)" are complete failures, because they are political in nature and offer no real solutions. In fact, he added, not even a decrease in interest rates would be sufficient, because the growth in the debt has already dealt them a blow.

Besides Ramirez Cuellar, leaders of El Barzon Movement in Sinaloa, Nuevo Leon, and in Tampico, Tamaulipas, announced that from 28 to 30 August they will start to obstruct financial activity in their states in support of the demand that the government change the course of its efforts to overcome the current stalemate.

They pointed out that hundreds of Barzonists will participate in peaceful demonstrations in front of regional banking centers to demand an end to embargoes, evictions, and the arrest of persons who cannot meet their debts with banking institutions.

Meanwhile, Barzonist leaders of Nuevo Leon pointed out that not even an interest rate drop to zero percent would enable debtors to pay, because their balances have "snowballed in the past eight months, and the real problem is that the economy is paralyzed."

They think that, as was the case with the UDI scheme, the new restructuring program will also fail, and the federal government and the bankers, more than seeking a solution to the problem, are trying to confuse and discourage the actions that this organization has scheduled from 28 to 30 August to demand that Ernesto Zedillo "change the course" of the adjustment program.

They also pointed out that bankers are once again uncooperative, because the government will contribute 7 billion new pesos from the fiscal resources "of all Mexicans" to compensate the banks for a reduction in interest rates. Those funds, however, will be insufficient because the overdue portfolio totals more than 120 billion new pesos, they added.

In Cuernavaca, Barzon del Sur leader Ely Ortiz Pinedo pointed out that the Agreement on Immediate Support to Bank Debtors "is an ultimatum" because of the short terms it stipulates for debtors to take advantage of the alleged "benefits." He added that the State Congress has recognized the need to grant indirect and immediate support to the state's productive and commercial apparatus.

Ortiz Pinedo, who is also a Party of the Democratic Revolution [PRD] legislator, contends that the emergency support program "pressures debtors into signing restructuring agreements based on UDIs," but without taking each debtors' capacity to repay into consideration, a reason for which the members of the El Barzon movement reiterate their willingness to find an overall and in-depth solution to the overdue loans problem.

On the other hand, Manuel Ortega, leader of the Barzonist movement in Zacatecas, commented that the UDIs "are disappearing faster than we had anticipated" since the amount of overdue loans restructured under that mechanism does not surpass 3 percent. He stated that overdue loans at the national level amount to nearly 120 billion new pesos.

In the meantime, a negotiating table has already begun to operate in Queretaro to attempt to solve the overdue debt problem of this region's business sector, which amounts to 453 million new pesos. All parties agreed to share the financial costs caused by the crisis.

Finally, Cesar Fentanes, legal adviser to the Tampico branch of El Barzon Movement, pointed out that at least 20 suicides of individuals holding major bank debts who were unable to cover their liabilities have been recorded in Tamaulipas.

Central Bank Releases Cash Flow Report

PA2408145395 Mexico City LA JORNADA in Spanish 22 Aug 95

[Report by Juan Antonio Zuniga — received via Internet]

[FBIS Translated Text] The Bank of Mexico [Banxico] announced yesterday that 97.3 percent of the cash flow channeled by the multiple banking system between January and July of the current year was allocated to the federal government, its agencies, and institutions.

In unveiling its most recent report on financial activity in the country during the previously mentioned period, Banxico explains that cash financing amounting to 29.8 billion nuevos pesos were extended by the banks, of which 29 billion were credit lines earmarked to the public sector, while 800 million new pesos were assigned to the private sector.

Cash flow financing are those assets that exclude "exchange rate variation effect on balances in U.S. dollars" but include overdue loans balances that have not yet been subject to penalties.

As relates to nominal financing flows — distorted by the effect of the exchange rate on balances expressed in U.S. dollars — the banking system channeled nearly 54.3 billion new pesos in loans during the first seven months of the year, of which 30.2 billion were assigned to the public sector, and 24.1 billion to firms, individual, and non-bank financial intermediaries.

With respect to the banking system's overall capacity to attract funds, Banxico points out that between January and July, nearly 4.5 billion new pesos were received from savers as well as investors and excludes the impact of devaluation on foreign currency deposits.

According to preliminary figures disclosed by Banxico, the banking system's capacity to attract funds increased by 31.3 billion new pesos while that of other intermediaries, most noticeably brokerage houses, recorded a 26.8 billion new pesos decline.

In nominal terms, in other words, without excluding the effect of the devaluation on foreign currency deposits, the financial system's total overall capacity to attract new funds increased by 22.2 billion new pesos, after traditional and nontraditional deposits increased by 33.7 billion new pesos, and those attracted by other intermediaries declined by 11.5 billion new pesos.

Calm in the Markets

With only 10 days remaining for President Ernesto Zedillo Ponce de Leon to deliver his first state of the nation address, Mexico's financial markets have been operating without any substantial changes.

The U.S. dollar for large operations was being sold by brokers at 6.21 new pesos per dollar, and bought at 6.20 new pesos.

In the meantime, lateral movements continue to be recorded in the general performance of shares listed at the Mexican Securities Exchange which reflected a marginal decline of 0.07 percent in the leading stock indicator that settled at 2485.10 points.

At 113.5 million, the total volume of shares exchanged was considerable high, however, the total value of operations was relatively low with an implicit amount of 768.3 million new pesos.

Nearly 85 different share issues were exchanged during the day's trading activity of which 36 closed with a price lower than activity during the previous day, 26 increased, and 27 where exchanged at the same price.

Banxico Governor on Monetary Policy Toward Banks

PA2408152695 Mexico City Radio RED Network in Spanish 0000 GMT 24 Aug 95

[From the "Night Monitor" newscast]

[FBIS Translated Text] Miguel Mancera Aguayo, governor of the Bank of Mexico [Banxico], has said that this program [words indistinct] was adopted as a result of the economic situation facing Mexicans since December 1994 to benefit small and medium-sized debtors.

The Banxico governor added that this institution, which is our country's Central Bank, will not relax its monetary policy discipline, that is, the credit line to the banks will be maintained but not increased and will be revised every year in keeping with the economic situation.

Bank Reports Current Account Surplus in Balance of Payments

PA2608044795 Mexico City NOTIMEX in Spanish 1045 GMT 25 Aug 95

[FBIS Translated Text] Mexico City, 25 Aug (NOTIMEX) — The Bank of Mexico (Banxico) today reported that the current account of Mexico's balance of payments recorded a $455 million surplus in the second quarter of 1995. The institution explained that this figure favorably contrasts with the $7.12 billion deficit recorded in the same period last year.

The central bank disclosed in a communique that the current account had not recorded a surplus since the second quarter of 1988.

The addition of the surplus of the second quarter and the deficit of the first quarter of 1995 yields to a $620 million deficit for the first half of the year, as compared to the $13.816 billion deficit recorded in the first six months of 1994, Banxico added.

It also explained that the surplus in the current account during the second quarter was the result of, basically, the favorable movements in the trade balance and the tourist service sector.

Of the favorable change of $7.576 billion in the current account as it went from deficit to surplus from the second quarter of 1994 to the second quarter in 1995, $6.992 billion stemmed from the change in the trade balance.

Banxico pointed out that $819 million in the adjustment in the current account stemmed from the results of the so-called nonmanufacturing services (tourism).

Bankers Establish International Financial Association

PA2508143095 Mexico City REFORMA in Spanish 22 Aug 95

[From the "Names, Names, and...Names" column by Alberto Aguilar — received via Internet]

[FBIS Translated Text] As you know, international bankers have decided to establish an association separate from that of the national banks. The 5 million pesos membership fee the Mexican Association of Bankers has demanded was considered exorbitant. In addition, it is believed the interests of the national banks do not necessarily coincide with those of the international banks; thus, the Association of International Financial Institutions was established.

John Donelli of Chemical Bank is the new association's president. Let us say this is a sequel to the existing International Bankers Club, which now relinquishes its place to this institution, which will include stock exchange houses, money exchange houses, and other kinds of foreign financial institutions.

Certain committees have already been formed. For example, Sergio Contreras, of Banco di Roma, heads the committee of bank representatives. Eduardo Zepeda, of J.P. Morgan, was appointed to head the committee on bank operations. Karl Frei, of the Swiss Bank, will head the committee in charge of stock exchange houses. The representative of the committee for other intermediaries, which is vacant, will be named shortly. Of course, this association is looking for a location. One option is Juan Diego Gutierrez Cortina's World Trade Center, although nothing is certain yet.

Banking Commission President on Cost of Overdue Debt Plan

PA2708041395 Mexico City REFORMA in Spanish 25 Aug 95

[Report by Martha Trejos and Mayela Vazquez; received via Internet]

[FBIS Translated Text] Eduardo Fernandez, president of the National Banking and Securities Commission [CNBV], stated that the fiscal cost of the Agreement on Immediate Support to Bank Debtors (ADE) during 1995 and 1996 will be funded either through current expenditures or a five-year maturity credit, which the banks will grant the government together with a two-year grace period, and a 28-day CETE [Treasury Certificate] interest rate.

The CNBV president added that the interest rate subsidy that will be extended to the banks will be of a fiscal nature and will not interfere "in the minimum" with normal market operations.

Sources close to the Finance Secretariat explained that instead of the government extending a subsidy to the banks for having reduced interest rates, the banks will grant a fiscal credit that will begin to be paid back after a two-year period. [as published]

The same sources added that in order to finance the loan during the time period and ensure that the interest rates being promoted through the ADE can be guaranteed, the government will have to grant a subsidy which will be paid out by using public finance surplus.

The subsidy, which has been estimated by the authorities to be a maximum of 7 billion new pesos, will be the differential between the market interest rate and the rates announced to support debtors.

With respect to a possible increase in interest rates due to an increase in subsidy, the sources pointed out that "we analyzed all likely scenarios: positive, realistic, and negative. In this last case, the most significant expenditures we could incur added up to 7 billion new pesos."

The sources also pointed out that banks will incur a cost of somewhere between 5 and 10 billion new pesos due to the cuts in the margins and profits they could have obtained.

The fiscal cost of the ADE during what remains of the rest of year will be 2 billion new pesos, and during 1996 it will be 5 billion remaining.

The Mexican Banking Association [AMB] pointed out yesterday that once debtors start to bring their debts up-to-date they will automatically enter the ADE.

An AMB communique stipulates that individuals entitled to fiscal credits but who also have overdue loans and who decide to bring their payments up-to-date will be able to take advantage of all benefits as of the moment when they balance out.

"Those debtors who have brought their payments up-to-date by 30 September 1995 at the latest will be entitled to receive full benefits as of 1 September," the communique points outs. [as published]

Canacintra: Government Must Define Way to Economic Recovery

PA2408185995 Mexico City LA JORNADA in Spanish 22 Aug 95

[Report by Patricia Munoz — received via Internet]

[FBIS Translated Text] The National Association of Manufacturers (Canacintra) has said that Mexico will face an "economic emergency" throughout this year and that, unfortunately, companies will continue to fold and jobs will continue to disappear as long as there is no improvement in purchasing power.

Canacintra Vice President Carlos Gutierrez made this statement, adding that the government must define a path for economic recovery. Gutierrez noted that industrial development policies unfortunately have not yet been adopted in a direct and decisive manner.

The Secretariat of Commerce and Industrial Development (Secofi) has started to work specifically on industrial policies; however, after the absence of measures to support the production sector for so many years, their "implementation is slower than desired" at present, the Canacintra representative added.

Gutierrez noted that he hopes that there will "soon" be specific industrial development policies in place; however, he pointed out that they will not solve the problems facing the industrial sector at present. This is so, he said, because we are facing a true economic emergency whose consequences will not be averted through an industrial development program; what we really need are urgent measures and Canacintra is working on them.

The vice president maintained that the first thing to do is to save companies and support them through an industrial development policy; however, these two things must happen simultaneously, because urgent and important matters must be handled in this manner.

Carlos Gutierrez added that the closure of companies would be prevented with the implementation of these measures. He noted that some of them are barely surviving and need financial "oxygen." This is so because only a reduced number of large companies are currently able to export their products while most industries and companies are trapped in the domestic market where there is a "ferocious" competition for local customers.

Gutierrez believes that one of the most important measures should be a comprehensive rescheduling of the sector's debts, because it has not been taken into account that many companies maintain overdue debts with their purveyors and not only with banks. They have not been able to pay their purveyors for months; as if this were not enough, many of these companies have not even paid their fiscal debts. Thus, the debt problem must not be viewed from the perspective of banks only but in a comprehensive manner as a plan to help companies overcome their credit crisis.

The Canacintra vice president said that he expects the next government report will contain specific economic policy measures to encourage a recovery, because an end to the emergency situation is not expected this year.

Finally, he pointed out that there is no reason for the change made at the Labor Secretariat to affect the dialogue process started by the business and labor sectors to establish a new framework for labor relations mainly "because new Labor Secretary Javier Bonilla has maintained very close ties to the business sector."

Businessmen Question IMF Stand on Crisis

PA2408163095 Mexico City LA JORNADA in Spanish 23 Aug 95

[Report by Patricia Munoz and Laura Gomez — received via Internet]

[FBIS Translated Text] The largest business organizations of the country have demanded that the International Monetary Fund (IMF) disclose the names of the Mexicans taking dollars out of the country, as well as evidence showing that they caused the financial crisis. They considered that "it is not valid to generate a war of confusion of such magnitude" without providing evidence. They also demanded that the Mexican Government establish [words indistinct] short-term investment to avoid speculation.

Meanwhile, representatives of the exporting and importing sector of the country stated that the IMF guidelines Mexico has followed have not been "the great solution," "nor have they had positive results," much less have they generated the growth they predicted. Consequently, they added, this organization must first review what their very proposals have caused to the Mexican economy and later determine those responsible.

In a joint news conference, Juan Autrique, president of the National Association of Mexican Importers and Exporters (ANIERM); Gilberto Marin, president of the National Council of Foreign Commerce (Conacex); and Juan Elek, president of the Mexican Businessmen's Council for International Affairs (CEMAI), defended Mexican businessmen against the versions disclosed yesterday by the IMF and said this report is only another "form of pressure against Mexico."

In another news conference, Carlos Abascal Carranza, president of the Employers Confederation of the Mexican Republic (Coparmex), asked the IMF to specify the names of the Mexicans and the details involving this situation which put the country on its knees, because "it is unfair to simply make general accusations without having a basis. So far, the only thing we see are general and imprecise charges," he stressed.

However, before unleashing an atmosphere of persecution and social lynching, it must be specified whether those responsible were simple and small savers who sought to safeguard their patrimony or it was an open act of speculation. In the former case, they could be blamed because they tried to safeguard their belongings, although in the latter case they would have to be pinpointed because "they effectively hurt the national economy and the country in a drastic manner, which is inadmissible."

Hector Larios Santillan, president of the Business Coordinating Council (CCE), remarked: "I don't doubt some national capitals may have left, but they account for a minimum amount of the total capital that left the country in the last days of December and in early January. Then, we must not begin a fight to determine whether they or we are responsible," he affirmed.

And Larios Santillan added: "We have a commitment to overcome the crisis the country is experiencing; if some Mexicans took their capitals out of the country we ask them to return them so that Mexico can become recapitalized and advance despite the fact the least available product at this time is money." He explained that it is unbelievable to think that national businessmen and investors caused this situation, because this is a wear-down of nearly six years, in which a struggle was waged against inflation and no reserves were available to send them abroad.

In the meantime, Victor Manuel Lopez Terrones, president of the National Association of Manufacturers (Canacintra), explained that the IMF argument blaming Mexican businessmen is groundless, and seems more a form to exert pressure, without form or respect, to promote a "witch-hunt."

Interviewed at the end of the Social Responsibility of the Businessman Forum, he mentioned that those making significant cash withdrawals were not businessmen but investors, particularly foreign investors, "given the fact our financial structure was overburdened with very short-term credits." The statements by the multilateral organization, "in spite of everything do not scare us because the capitals many times do not have a fatherland and go wherever they can obtain higher yields."

Victor Manuel Diaz Romero, president of the Confederation of National Chambers of Commerce (Concanaco), will not justify those taking their dollars out and regretted that the government has established corrective and not restrictive measures to prevent a similar situation from happening again. He considered that among the measures to be adopted should be the promoting of productive investment, while the CCE proposed a return to the fiscal stamp and the Concanaco called for legislation on short-term investments to lock in investments.

ANIERM president Juan Autrique stated that Mexico has been one of the most diligent pupils in observing the recipes of the IMF. However, one would have to ponder if this brought about good results for the country, because these measures "have not always had positive results." That is why, he said, the IMF declaration should be deemed as one more opinion from that organization to the point that it does not give names or provides sufficient evidence to conduct a serious investigation on the identity of those taking their dollars out, harming the Mexican economy.

Meanwhile, Conacex president Gilberto Marin said it cannot be denied that foreign investors are responsible for most capital flight the country sustained, because the Mexicans had acquired debts in dollars. He noted that if Mexicans had speculated, they would not be facing today the serious problem they have with the overdue portfolio. According to him, it is nearly impossible to determine who were those taking their dollars out. However, he expressed, the serious thing is that there is no control over the movement of capitals so a special regulation would be required for capitals, not nationally but internationally, because no controls can be established on speculative investment.

Meanwhile, CEMAI president Juan Elek commented that the policies the IMF has recommended to Mexico "have not had much success," because in spite of the fact they have been rigorously observed, they have not brought about the sustained growth they promised to the nation. Therefore, the IMF's views should be viewed from that perspective. He concluded that it must be recognized Mexican businessmen have their capitals in "buildings and machinery," while "others" have speculated with capitals.

CTM Leader: Agreement Benefits Labor Sector

PA2408160195 Mexico City Radio RED Network in Spanish 0000 GMT 24 Aug 95

[From the "Night Monitor" newscast]

[FBIS Translated Text] Fidel Velasquez, the nonagenarian leader of the CTM [Confederation of Mexican Workers], has said that those who claim he is dead seek to discredit him. He thus reacted to reports disseminated today that he was dead.

Fidel Velasquez stated that, quite the contrary, such claims actually strengthen him, because they grant him the power to rise again. We do indeed believe Don Fidel!

He added that the recently revealed agreement between the banks and the Finance Secretariat will benefit the labor sector, because 80 percent of the workers are credit card holders.

Panama

Government Announces President's Tour of Nations

PA2508150395 Panama City Circuito RPC Television in Spanish 2300 GMT 24 Aug 95

[Report by Luis Polo from the "RPC Television News" newscast]

[FBIS Translated Text] The government has officially announced the itinerary of President Ernesto Perez Balladares' tour of several nations beginning in the next few weeks. Luis Polo Roa has the story.

[Polo] Foreign Minister Gabriel Lewis Galindo has made the announcement at a news conference. He has said the president's trip will start on 4 September in Quito, Ecuador, where we will attend a meeting with presidents of the Rio Group. He will then head for the United States, where he will meet twice with authorities from that country:

[Begin Lewis recording] The Washington agenda will deal primarily with the transition of the Panama Canal and the economic relations between the United States and Panama. [end recording]

[Polo] Once the agenda is covered in the United States, the president and his delegation will travel to Tokyo upon the invitation of the Japanese prime minister, and he will go to Taipei, Taiwan, on 13 September, also invited by the president of that country. President Perez Balladares on 16 September will head for Hong Kong, where, as was the case in the other eastern nations, he will discuss issues on investments in Panama:

[Begin Lewis recording] We will not ask to renegotiate the stay of bases. If the United States says it wants to keep the bases after the year 2000, it will have to be done in strict compliance with the Panama Canal treaties. First, this is nonnegotiable, and if they present a request under a new agreement on bases after the year 2000, we will have to study it. We cannot give an opinion on something we do not know. So far, we do not believe the United States is interested in keeping bases here. They have not shown any interest and have told us nothing. We will not make this proposal to them. [end recording]

[Polo] According to the foreign minister, the Constitution allows the president to leave the country for this period of time, so the legislative branch has been instructed to call on First Vice President Tomas Gabriel Altamirano Duque to perform presidential duties.

The planning, labor, and government and justice ministers, the ARI [Interoceanic Region Authority] administrator, the foreign minister, and the Institutional Protection Service director will accompany the president on this trip.

Businesses Request Government Propose Lease for Bases

PA2608172995 Panama City EL PANAMA AMERICA in Spanish 25 Aug 95 p 1a

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] The United States-Panama Business Council (USPA) [Consejo Empresarial Estados Unidos-Panama] asked Panamanian President Ernesto Perez Balladares yesterday, to propose a lease for the military bases in Panamanian territory to his colleague, Bill Clinton, during his visit to Washington from 6-8 September.

Foreign Minister Gabriel Lewis Galindo reiterated the issue is not on the agenda to be covered by both presidents. Although he did not reject the possibility that the subject could be initially broached, he said he believed "the United States is not interested in renegotiating the bases for the time being."

A USPA communique points out that Perez Balladares should propose the rental of "several" defense sites after the year 2000, because Panama has been able to offer the world economic stability during the past century because the U.S. military were present in the Canal area.

"We believe that the presence of the U.S. military bases after the year 2000 represents a protection against drug trafficking — a scourge that threatens our society and its courts of justice — in the hemisphere and in our country.

USPA was established in 1994 and has chapters in Washington and Panama. Representatives of important business groups in the country are the directors of this organization. USPA representatives met with Perez Balladares two weeks ago, to invite him to a meeting in Washington on 25 October.

Foreign Minister Lewis Galindo reiterated that the agenda for the meeting between Perez Balladares, Clinton, and other U.S. officials, mainly covers issues such as the Canal transition, the struggle against drug trafficking activities, and the economic relations between both countries.

"We are not going to ask for a renegotiation. If they present a proposal, we will study it. However, we cannot comment on something that we do not know. Up to now, we do not think they have an interest in this. They have not shown any interest; they have not expressed any interest; and we are not going to propose it to them," he emphasized.

At the White House, Perez Balladares will meet with, among others, the Senate's Foreign Committee and Secretary of State Warren Christopher.

The president will be accompanied by First Lady Dora Boyd de Perez Balladares; ministers Guillermo Chapman, Mitchell Doens, Raul Montenegro, and Lewis Galindo; ARI [Interoceanic Region Authority] Administrator Nicolas Ardito Barletta, and other top-ranking Panamanian officials.

The Panamanian president will be accompanied by 16 businessmen and the aforementioned ministers, except Montenegro, during his tour to Japan from 8-13 [September]; Taipei up to the 16th; Hong Kong up to the 18th; and Philippines up to the 20th.

The businessmen will pay all their expenses and will deliver conferences — together with Minister Chapman and ARI Administrator Ardito Barletta — on the Panamanian economy in Japan and Taiwan.

Lewis Galindo said the Legislative Assembly will summon First Vice President Tomas Gabriel Altamirano Duque to occupy the Presidency of the Republic during the 17 days that Perez Balladares will be on the tour abroad.

Workers Picket Canal Commission, Demand Cessation Pay

PA2808042195 Panama City Circuito RPC Television in Spanish 2300 GMT 25 Aug 95

[Report by Luis Polo Roa; from the "RPC Television News" newscast]

[FBIS Translated Text] Carrying placards and chanting slogans against the Panama Canal Commission and the U.S. Government, a group of workers picketed to protest the commission's proposal to eliminate the cessation pay of workers which, according to the protesters, belongs to them once the canal strip is turned over to Panama.

[Begin Antonio Gonzalez, spokesman for the Panama Canal Workers, recording] We have presented our case to our international affiliates in Washington so they can in turn present it to the personnel administration office. Here in Panama, we are continuing with activities, such as this peaceful protest, to show that we are completely against them taking away a right which is established by law. [end recording]

According to the workers, the commission has yet to answer their demand, which is stipulated by law, because on 31 December 1999, all workers who do not have the right to retire within the federal system have the right to receive compensation from the cessation fund which, according to workers' estimates, reaches approximately $35 million.

In this regard, they protested for approximately one hour near the Administration Building to make their demands felt. The workers have announced further steps will be taken.

Labor Minister: Search for Governability Indispensable

PA2508193295 Panama City EL SIGLO in Spanish 24 Aug 95 p 20

[Report by Betty W. Mendieta]

[FBIS Translated Text] Panama is considered to be in second place regarding the unequal distribution of wealth in Latin America, and thus, Panamanian Labor Minister Mitchel Doens said yesterday, the search for governability is indispensable in order to ensure that the fruits of economic development be equally distributed among the people.

Doens made his statements during the Fourth Conference of Central American Political Parties. He also said they must take into consideration the experience gathered by political organizations, both official as well as from the opposition, to design development programs.

The Labor Ministry added that concerted efforts are vital to furthering sustainable development in any of our countries. He told the Central American parliamentarians that a list of national objectives had been determined by a concerted effort in Panama and, to this end, measures and actions have had to be adopted, which have had an important political cost to the PRD [Democratic Revolutionary Party].

He added that "no one can say they feel they are persecuted by the PRD. There have been no political bills or retaliations. The government has surpassed this with concerted efforts and tolerance."

Regarding the recent labor conflict, Doens told the Central American politicians: "We, the PRD members, knew it was not going to be easy and that it would have a political cost. Due to our commitment to the people, however, we have furthered a broad, concerted effort with businessmen and workers and have reached an agreement without negatively affecting union rights or workers income. [no closing quotation mark as published]

Drug Commission Chairman Censures Security Institutions

PA2608221895 Panama City EL SIGLO in Spanish 25 Aug 95 p 40

[Report by David Daniel Victoria]

[FBIS Translated Text] Alberto Aleman Boyd, the president of the drug commission in the Legislative Assembly, charged yesterday that the country's security mechanisms are "inoperative and deficient," and that the Government and Justice Ministry does not reveal the country's true crime rates.

According to legislator Aleman Boyd, the crime figures should impel government to reorganize its policies to counter crime and drug trafficking and to not try to hide the real crime statistics in our country, which is experiencing a wave of violence.

He pointed out that changes are required in the National Police Office, the Judicial Technical Police (PTJ), Customs, and the immigration offices, among other government security institutions. The legislator said each of those offices should be cleaned up and made decent.

Legislator Alberto Aleman Boyd asserted that people abroad know the real situation in our country and consider Panama one of the countries most used by drug traffickers to further their activities: drug trafficking and money laundering.

The immigration department has to be more stringent in guarding our borders because "paid assassins" are entering our country very easily, the deputy emphasized. Panamanians did not know the word "paid assassins" in the past, but it is part of our everyday language now. He added that authorities know many paid assassins are living in the country, but do not apply the law against them.

"Panama is not the happy country of yesteryear," Aleman stated. He explained that the insecurity in the country has had a negative impact on nightclubs, restaurants, and other commercial outlets because Panamanians are no longer going to them as frequently as they used to.

The Government and Justice Ministry's strategy with regards to security is "deficient" and must be corrected, and if the problem is the sparseness of the budget, it will have to be reinforced, he observed.

The drug commission will present a report to President Ernesto Perez Balladares and Government and Justice Minister Raul Montenegro next week. The report will request a new and truly effective program to fight drug trafficking activities.

President Perez Balladares, in his inaugural speech on 1 September 1994, declared a state of "national emergency" against crime to do away with the violence and crime that existed in the country, which was a product of the "irresponsibility" of those who had held government up to that date. At the beginning of his administration, the government periodically presented statistics on criminal events. However, the government no longer gives this information, and several political sectors believe it is because this government "has been unable to do anything" either.

'City of Knowledge' General Director Discusses Project

PA2808041795 Panama City Circuito RPC Television in Spanish 2300 GMT 25 Aug 95

[Report by Luis Alberto Jimenez; from the "RPC Television News" newscast]

[FBIS Translated Text] In a workshop organized by the Association of Professors of the University of Panama, the general director of the City of Knowledge explained that the project intends to take advantage of the magnificent Albrook Air Force Base installations to establish research and teaching centers to benefit the community.

[Begin General Director Nuri de Sosa recording] It will be a community in which discussions and solutions will be sought, not only for Central American, but also for Latin American and world problems. [end recording]

She explained that currently the project is in its planning stage, waiting for Albrook Air Force Base to revert to Panama in October 1997 to begin its implementation.

[Begin de Sosa recording] We have received proposals, and interest has been shown by academic and scientific institutions, countries, governments, and international organizations. [end recording]

Numerous subjects dealing with the transfer of the Panama Canal and the use of the reverted areas and goods were dealt with in this workshop organized by the Association of Professors of the University of Panama.

Argentina

Group of Eight Meets Menem, Confirms Support for Cavallo

PY2608013895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1641 GMT 25 Aug 95

[FBIS Translated Text] Buenos Aires, 25 Aug (NA) — During a meeting with President Carlos Menem, the powerful "Group of Eight" entrepreneurial group today again openly supported Economy Minister Domingo Cavallo's work. The "Group of Eight" believes that Cavallo's current team of assistants is "the appropriate one for implementing the economic policy."

Despite their strong accolade for the economy minister, the top entrepreneurial leaders expressed to the president their "concern" over the disagreements prevailing within the government.

Facing journalists, the entrepreneurs favored a cautious attitude and explained that the power of making decisions at a cabinet level "is vested in the president because we do not install or remove economy ministers."

The Group of Eight is made up of the Stock Exchange president, the Adeba [Association of Argentine Banks] president, the ABRA [Argentine Banking Association] president, the Argentine Rural Society president, the Argentine Construction Board president, the president of the Argentine Union of Construction Enterprises, the Argentine Industrial Union president, and the president of the Argentine Chamber of Commerce.

The one-hour meeting was held at Menem's office. Before meeting the president, the entrepreneurs met at the Argentine Chamber of Commerce to discuss the adoption of a single position for their meeting with Menem.

The meeting had been solicited by the Group of Eight during a controversy prompted by the economy minister's reports [on corruption] and unremitting rumors on his departure from the government.

Making remarks to the NOTICIAS ARGENTINAS news agency, Stock Exchange President Julio Macchi said the meeting with the president was "very good." He emphasized: "Great calm prevails within the government, and this is something that must be underscored."

Nevertheless, the stock exchange president admitted that "the issue" discussed with President Menem "will not be entirely solved until consistency prevails inside and outside the government."

Macchi emphasized: "It seems as if communications were precarious, that they snapped at a given moment, but I can assure you that according to what President Menem said in the presence of Cabinet Chief Eduardo Bauza, there is absolute agreement and homogeneity within the cabinet."

To that effect, Macchi avowed that Menem had told them that "one should not over-exaggerate the magnitude of these differences."

For his part, Jorge Di Fiori, Argentine Chamber of Commerce chairman, stated that in the course of the meeting with the head of state, they did not discuss the charges pressed by Cavallo over the last few days.

""What we tried to convey to the president was a consensus of opinion on the support for the unprecedented transformation effected in our country and tried to make him aware that this transformation has been quite costly for the business community," he added.

He said that "we, businessmen, have made great efforts that we want to maintain; we endorse this type of policy, and believe that this plan must be consolidated."

Di Fiori further stated that the head of state's "assertion that reports of arguments that transpire within the government have been greatly blown up has been a source of great satisfaction for us all."

Lastly, Jorge Blanco Villegas, Argentine Industrial Union chairman, stressed that "we, businessmen, have thoroughly upheld President Menem's policy, but we have no say in the appointment of government officials."

"We told Menem that at this juncture, the Economy Ministry's team is the most appropriate one for the sake of continuity of the Argentine economic policy," he added.

Industrial Union 'Fully Supports' Economy Minister

PY2408145095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2240 GMT 22 Aug 95

[FBIS Translated Text] Buenos Aires, 22 Aug (NA) — The Argentine Industrial Union (UIA) today confirmed its "full support" for Economy Minister Domingo Cavallo and expressed its "solidarity" with him "for championing honesty in the privatizations issue as we believe it is necessary to prevent the existence of monopolies."

In its communique, the UIA confirmed the position that and other Group of Eight [important Argentine industrial] organizations championed a few days ago.

The communique, released this afternoon, points out: "After assessing the situation, the UIA deems it necessary to confirm its full support for the basic guidelines of President (Carlos) Menem's economic program, which is being implemented by Economy Minister Domingo Cavallo."

The communique adds: "With our usual alacrity, our organization will continue to make recommendations to the minister to implement an industrial strategy that will contribute to restoring our domestic economy."

The communique notes: "We also believe it is important to express our solidarity with Cavallo in championing honesty in the issue of privatizations as we believe it is necessary to prevent the existence of monopolies."

UIA Vice President Claudio Sebastiani explained that the communique was approved at a meeting in which about 50 entrepreneurs participated.

Sebastiani noted that the UIA supports "honesty" in the privatizations issue. He said: "Honesty must prevail throughout, so the privatizations will ultimately benefit both workers and entrepreneurs."

The UIA vice president announced that a meeting between the Group of Eight and President Menem has been scheduled for 23 August. During this meeting, they will express their support for Cavallo.

Sebastiani said: "We face an unthinkable situation; the possible departure of the minister over such an unclear issue as the post office privatization issue."

Sebastiani added: "Cavallo has demonstrated on many occasions that he is one of the few people who says things clearly while implementing the economic policy that the president has established for our country."

Army Chief Asks Subordinates To Observe Constitution

PY2508034395 Buenos Aires TELAM in Spanish
1926 GMT 22 Aug 95

[FBIS Translated Text] Buenos Aires, 22 Aug (TELAM) — Lieutenant General Martin Balza, the Army chief of staff, today asked his subordinates to observe constitutional provisions. He also trusts that the courts will identify and punish the people involved in the killing of Private Omar Carrasco.

The Army chief of staff asked Army officers and NCO's "to never forsake the ruling constitutional provisions."

At the Libertador Building, the Army headquarters, Balza chaired a ceremony this morning to mark the "Justice Service Day."

During the ceremony, the Army chief of staff reminded the Army officers and NCO's of the principle of balancing "the commanding person's rights with the commanded person's duties, without arbitrary abuses or trespassing the limits of moral and physical strength." Balza placed emphasis on this military principle and pointed out that, if it is not observed, "the balance of fairness and, therefore, the reign of law would disappear."

General Raul Gomez Sabaini, the Army deputy chief of staff; retired Auditor General Carlos Cerda, the Justice Service Committee chairman; and other civilian and military authorities participated in the ceremony.

After the ceremony, Lt. Gen. Balza discussed the case involving Private Omar Carrasco, who was killed while complying with his compulsory military service in Artillery Group No. 161, headquartered in the town of Zapala, in Neuquen Province.

Balza emphasized: "This represents an unprecedented, painful, and aberrant incident for the Army." Nevertheless, he pointed out that the case must be resolved by the federal courts.

The Army chief of staff noted that "military personnel have been involved" in this killing, "but I fully trust in the courts and I trust that the full weight of the law will fall on the people involved in this painful incident."

Balza also trusts that the budget cut implemented by the federal government will not affect the pursuit of military operations abroad.

The Army chief of staff pointed out: "I am still optimistic that the military operations will not be affected."

Balza admitted "the existence of a minor delay in the payment of allowances by the United Nations and the Foreign Ministry to the (Argentine Blue Helmets) who participated in peace missions." Nevertheless, he trusts that these payments "will gradually be made."

With regard to the pursuit of peace missions abroad, Balza pointed out: "It is a political decision that we will observe." He also confirmed "the possibility that the mandate of the battalion commissioned to Croatia might end."

Asked about the remarks made recently by former Admiral Emilio Masssera, Lt. Gen. Balza pointed out: "His remarks do not deserve any commentary on my part."

Russia Supports Protection of High-Seas Fishing

PY2508143695 Buenos Aires TELAM in Spanish
1919 GMT 24 Aug 95

[FBIS Translated Text] Mar del Plata, 24 Aug (TELAM) — National Fishing Director Fernando Georgiadis emphasized today that Russian Federation officials have given a very favorable response to an Argentine project to regulate high-seas fishing.

The national fishing director told journalists: "The Russian Federation officials who are visiting Mar del Plata have given a very favorable response, confirming a position expressed in the United Nations by the Russian Federation to discuss with Argentina the protection of fishing resources in adjacent areas."

Georgiadis said: "We want to resume fishing relations with the Russian Federation, a nation that has a large fishing fleet and a very important presence in the zone adjacent to our exclusive economic area."

He noted that Argentina has proposed to the EU and southeastern Asia a general agreement to regulate fishing activities around our exclusive economic zone to protect fishing resources.

Georgiadis announced that this regulation for the Atlantic Ocean "will be formally implemented on 4 December in New York when the nations sign a document" to establish that countries with a seashore will have jurisdiction on ships fishing beyond the "200-mile limit."

Among the measures to be reviewed are the "use of non-depredatory nets and the assignment of quotas by species and by country."

Agustin Cordero Mujica, the sponsor of the National and International Fishing and Aqua-culture Congress and Fair [Congreso y Exposicion Nacional e Internacional de Pesca y Acuicultura] (CENIPA), which is slated for 28 November in Mar del Plata, warned a few days ago of the need to control the ships that fish outside the exclusive economic zone.

Cordero Mujica added that during a recent meeting at the United Nations, it was agreed that countries with a seashore need regulations to allow them to prevent the depredation of their fishing resources.

Cordero Mujica pointed out: "Fish and mollusks are unaware of geographical limits and come and go all the time. Fishing by foreign ships beyond the 200—mile limit is legal, but depredatory."

As an example, a survey conducted by the Natural Patagonia Foundation [Fundacion Patagonia Natural] indicates "a drop in the breeding stock of hake of about 1 million metric tons" over the past 10 years.

Bolivia

Armed Forces Commander Orders Follow up of Journalists

PY2508132995 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 25 Aug 95

[FBIS Translated Text] The Armed Forces have virtually declared war on reporters. In a move incompatible with the democratic system, General Reynaldo Caceres Quiroga, the commander in chief of the Armed Forces, has ordered an ongoing surveillance of reporters whom he considers potential enemies of the military institution.

The order, signed by the top military commander, states: EMG, Secret, Sec. 06/95. I am pleased to order the strict control and on-going surveillance of elements opposed to the Armed Forces, civilians, especially journalists and others who are considered strangers to the institution, to prevent any boycott and/or other activity that might jeopardize the security of the Armed Forces.

Signed: General Reynaldo Caceres Quiroga, commander in chief of the Armed Forces.

This report really worries journalists' associations, federations, and union organizations.

Journalists React To Military Order

PY2608015995 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 25 Aug 95

[FBIS Translated Excerpt] The La Paz Journalists Association today indignantly rejected the Armed Forces' orders to closely follow the activities carried out by journalists. [passage omitted]

The Armed Forces' leadership has admitted making a mistake because the note ordering that a close watch be placed on individuals who are opposed to the military to prevent cases of boycott is unclear.

General Reynaldo Caceres, commander of the Armed Forces, asserted that the radiogram refers to the people who, for some reason or another, pose as journalists when in truth they are not. He added that the Armed Forces respect the journalists, and that it was never their intention to curtail freedom of press.

According to Gen. Caceres, the radiogram was issued to avoid problems because there are people who, pretending to be journalists, try to enter the military units.

The following is the text of the radiogram: I hereby order that a close watch be placed on individuals opposed to the Armed Forces, civilians, and, in particular, journalists or other individuals who have nothing to do with the military institution, to prevent cases of boycott. [passage omitted]

Now the Armed Forces say they are going to closely watch those who pretend to be journalists. In other words, no institution must allow the entry of individuals having nothing to do with it, but the doors of military units are open for any reliable and professional journalists, according to Gen. Caceres. [passage omitted]

Vice President Victor Hugo Cardenas, who is also president of Congress, also voiced support for freedom of press.

Cardenas acknowledge the role played by this sector, which he termed one of the pillars of democracy and the advocate of civilian society's interests.

Cardenas made this statement after the Armed Forces high command made public an order to investigate journalists, who are regarded as elements that threaten the military institution, which is subordinated to the government.

According to Cardenas, the media should not encounter obstacles or restrictions in fulfilling a social mission such as making public the activities of certain authorities.

[Begin Cardenas recording] I have read the contents of that circular over and over again and have asked the defense minister to give us his viewpoint. I have a feeling a mistake was made because a democracy without journalists makes no sense. The media is not only the spokesman of the various civilian society sectors and the country as a whole, but also a key component for a democratic system to work. [end recording] [passage omitted]

Goverment-Coca Grower Talks Go Into Recess Until 31 Aug

PY2508014895 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 24 Aug 95

[Live relay by correspondent Hans Soria from Cochabamba]

[FBIS Translated Text] The talks between government representatives and coca growers concluded about 45 minutes ago. The talks were focused on the first point of a pre-established agenda.

After not being able to reach an agreement regarding the eradication of new coca plantations and seedbeds, Conalid [National Council Against Drug Abuse and Illegal Drug Trafficking] — with the approval of the coca growers and the Bolivian Labor Federation [COB] representatives, declared a new recess until 1530 on 31 August. On that date talks will be resumed at the Cochabamba Prefecture.

Conalid, headed by Deputy Foreign Minister Eduardo Trigo O'Connor, has stated that in view of the coca growers' refusal to comply with the law referring to the eradication of new coca seedbeds and of the COB leaders' request, a recess has been declared until the afternoon of 31 August in Cochabamba.

In the meantime, eradication of seedbeds and new coca plantations and interdiction of drug trafficking will continue in compliance with Law No. 1008.

The government minister said that in keeping with the government's spirit of continuing negotiations, this recess is established to allow the high- and mid-level leaders of the five federations of coca growers to assess the government proposal and say whether or not they agree with the law for the eradication of new coca plantations and seedbeds by that date.

Moreover, coca grower leader Evo Morales has stated that the second point of the agreement regarding the continuation of actions to eradicate new coca plantations and seedbeds and interdiction of drug trafficking represents a violation of human rights and opens the doors for greater conflicts in the tropical region of Chapare. At any rate, Evo Morales has asserted that during the next few days, the coca grower federations and their branches will hold meetings to assess the government proposal.

Morales asserted that eradication of new coca plantations and seedbeds throughout the Chapare region and Isiboro-Secure Park is possible as long as it is accompanied by a true alternative development program with the participation of the people.

Government, Coca Growers Resume Negotiations

PY2508011495 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 24 Aug 95

[Live relay by correspondent Hans Soria from Cochabamba]

[FBIS Translated Text] After negotiations last night that lasted for five hours, until 2130, coca growers and government officials decided to resume the talks at 0930 today.

The parties took about three hours to reach an agreement on the agenda for discussion. Initially, four main issues were included on the agenda: coca eradication, human rights, the signing of agreements, and alternative development. The Bolivian Labor Federation, COB, insisted for three hours that the first issue for discussion should be respect for human rights. After three hours, the government was able to impose its desire to discuss coca eradication first, and then human rights, the agreements, and alternative development.

Regarding the first issue, the eradication of coca in all its aspects, the government and, in particular, the National Council Against Drug Abuse and Illegal Drug Trafficking, Conalid, reiterated the government position of implementing the voluntary eradication with economic compensation along with alternative development for all the surplus coca in production. The government also reiterated the need to eradicate voluntarily but without compensation all the coca and coca nurseries planted from 1 April to the present.

The government also promised to implement production and infrastructure projects related to roads, education, and health within the framework of a new focus on alternative development with the participation of coca growers. The projects should be implemented immediately in order to mitigate the extreme poverty in the Chapare tropical region and the Isiboro-Secure National Park.

Government Minister Carlos Sanchez Berzain was very explicit in his proposal upon the conclusion of the talks. He proposed an alliance with coca growers to fight drug trafficking, or the establishment of joint and strong action against drug trafficking, which he said is the main enemy of humanity.

Upon making an evaluation of the resumption of negotiations, Minister Sanchez Berzain said:

[Begin recording] The government position is very clear. We prefer the voluntary eradication over the use of force. But to have voluntary eradication, the eradication must be complete. In other words, there cannot be coca nurseries or new coca. The voluntary eradication must be carried out with alternative development having immediate impact; it must be a global eradication. The government proposes joint actions for the eradication of coca. The peasants should help us by pointing out what they want, where they want it, and how they want it. The peasants should participate in alternative development to prevent the complaints we are now hearing. The peasants should also help us ensure that alternative development indeed becomes a fact. [end recording]

Minister Sanchez Berzain, who concluded his proposal by talking about human rights, promised the enforcement of human rights in the entire Chapare tropical region. As a first sign of the government promise, and in response to the concrete request of coca growers, Sanchez Berzain ordered that all the people hurt in the recent events be treated immediately in the regional health centers of Cochabamba and the Chapare.

Minister Sanchez Berzain also proposed installing a center for the defense of human rights in the Chapare to prevent all the abuses that have taken place so far and caused the suspension of the negotiations, which led to arrests, injuries, and killings.

Coca growers leader Evo Morales said the negotations with the government were positive. He said: [recorded passage indistinct]

The negotiations will continue at 0930 today in the prefecture building. The negotations, which were resumed yesterday, were attended by members of the Conalid and five cabinet ministers — Deputy Foreign Minister Eduardo Trigo represented the foreign minister, Defense Minister Raul Tovar, Human Development Minister Enrique Ipina, Sustainable Development Minister Juan Lema Molina, and Government Minister Carlos Sanchez Berzain. The COB, the CSUTCB [General Trade Union Confederation of Peasant Workers of Bolivia], the Coordinating Board of Coca Growers, and the Departmental Labor Federation were represented by several leaders. The presence of the groups that helped in the dialogue was also very important. They are the representatives of the Cochabamba Human Rights Commission and the Cochabamba Archbishopric, which was represented by Monsignor Rene Fernandez.

A positive environment prevails for the continuation of the negotiations. We hope some agreement will be reached today on the first issue of the agenda: the voluntary eradication of coca and coca nurseries in the Chapare and the Isiboro-Secure National Park. This is all the information I have on the negotiations now that there is an easing of tension in the Chapare.

National Committee of Indian Peoples Created

*95SM0468A Santa Cruz EL DEBER in Spanish
10 Aug 95 p 0*

[Received via Internet]

[FBIS Translated Text] La Paz, 9 August (ANF) [FIDES NEWS AGENCY]—Bolivia is giving decision-making power to the Indian peoples of the country, through the establishment of the National Committee of the International Decenium of Indigenous Peoples. This was stated by Bolivian President Gonzalo Sanchez de Losada after signing the respective decree benefiting this sector of the population. He added: "There already exists a dynamic process in this respect. We should not forget that Victor Hugo Cardenas is the first constitutional vice president in America. There is a long way to go, but we have already traveled a considerable distance," said the president.

In his view, much depends on the indigenous leaders to ensure that their organizations reach the proposed objectives, on the basis of a dynamic process maintained during this and future governments.

On the afternoon of 9 August in the Palace of Government the president signed the decree and charged the National Committee of the International Decenium of Indigenous Peoples with implementing it. The National Committee is presided over by the vice president of Bolivia and is made up of representatives of several national groups. The ceremony at which the decree was turned over to the National Committee was attended by ministers of state, representatives of trade union and peasant organizations and indigenous groups, as well as persons specially invited for the occasion.

The executive section of Supreme Decree No. 24084 states as follows:

Article 1. A National Committee of Indigenous Peoples shall be created, presided over by the vice president of Bolivia and made up of representatives of the Ministries of External Relations and Worship, Treasury, Sustainable Development and the Environment, Human Development, Justice, and Social Communications; and of representatives of the General Trade Union of the Confederation of Peasant Workers of Bolivia (CSUTCB), the Confederation of Indigenous Peoples of Eastern Bolivia (CIDOB), the "Bartolina Sisa" National Federation of Women, the Central Organization of Indigenous Women of the Department of Beni, and the Trade Union Confederation of Settlers of Bolivia.

Article 2. The National Committee shall appoint an advisory council made up of personalities outstanding for their work in the promotion of the rights of the indigenous peoples.

Article 3. The National Committee shall establish an executive secretariat charged with implementing the national plan for the decenium of indigenous peoples.

Article 4. The National Committee shall have the task of planning, coordinating, evaluating, and publicizing national activities within the framework established by the United Nations for the decenium. It should approve a national plan for the decenium which will set out national goals and objectives for its approval by supreme resolution through the Ministry of Human Development. The National Committee will be the national coordinating organization for activities related to this decenium. The National Committee is empowered to establish regional sub-committees for the implementation of the mandate.

Article 5. The National Committee shall begin its activities, with effect from the entry into force of this supreme decree and until one year after the close of the decenium.

Article 6. The Ministry of Human Development will include in its budget, beginning in 1996, the necessary allocations of funds for the normal operations of the National Committee, as well as the monetary resources in terms of national currency, in the framework of international, bilateral, and multilateral agreements. The National Committee will have the power to manage, through its executive secretariat, funds earmarked for concrete and specific activities, in accordance with the standards of the national system of public investments and external financing.

Article 7. The National Committee shall present its respective bylaws to the minister of human development for his approval by supreme resolution.

Article 8. All legal provisions contrary to this supreme decree shall hereby be canceled.

The ministers of state in the offices of External Relations and Worship, Sustainable Development and the Environment, and Social Communications are charged with the execution and implementation of this supreme decree. Issued in the Palace of Government of the city of La Paz on 8 August 1995. Signed, President Sanchez de Lozada and all of the ministers of state.

Vice President Discusses Career Prospects

95SM0468B La Paz PRESENCIA (REPORTAJES SECTION) in Spanish 23 Jul 95 p 3

[Interview with Vice President Victor Hugo Cardenas by Zulema Hinojosa R.; first three paragraphs are editorial introduction]

[FBIS Translated Text] With the support of the Tupac Katari Revolutionary Movement of Liberation (MRTKL), Victor Hugo Cardenas, presently vice president of Bolivia and president of the National Congress, will probably be prepared to be a presidential candidate in the general elections of 2002. He told REPORTAJES: "As a party, as a person, we supporters of the MRTKL will be ready to make that contribution." He added that he is committed to public service.

Swarthy in appearance, of medium height, and with the facial features of a member of the Aymara indigenous community, Victor Hugo Cardenas assumed the office of vice president of Bolivia on 6 August 1993, as a symbol of reconciliation of social classes, of the claims of the oppressed peasantry, and in recognition of the multicultural and multilingual character of the country.

Nevertheless, in the view of political analysts and groups, the MNR [Nationalist Revolutionary Movement] has left this promising figure in the shadows and turned him into a mere appendix of the government. However, they say, the fault was not only that of the MNR but of Victor Hugo Cardenas himself. In their view he gave up more ground in this respect than was necessary.

[PRESENCIA] Do you think of yourself as a leader?

[Cardenas] I do not consider myself a born leader. I do not think that a leader is born to this position, since leadership is developed with a great deal of sweat, work, and effort. I would simply say that from the time I was a small child I carried on activities associated with leadership. My first teacher was my father. However, before I was 10 years old, I taught a number of classes, because my father taught seven classes at the same time, beginning with kindergarten and going up to sixth grade in elementary school.

This may have facilitated my leadership aptitudes.

At secondary school and with the exception of one year I was school champion and was also president of the student center. When I was at the university, I had leadership roles, not only in the field of my own career, but also in my faculty and in the university leadership area in San Andres. Afterwards I was active in trade union activity, particularly in the Confederation of Peasant Workers of Bolivia.

I was president of the organizing congress when the confederation was established. As a representative of the confederation, I was a member of the COB [Bolivian Labor Federation], of the National Committee for the Defense of Democracy, and of other organizations. At the same time I took part in political and party work in the Tupac Katari movement.

I believe that the fact that I am vice president is a reflection of hard work, not only in personal terms, but as a member of a team of people who have supported me.

[PRESENCIA] Your assumption of the position of vice president created many expectations, but your actions have been criticized. Do you think that you have lost your great opportunity?

[Cardenas] I should make a few points. In the first place the decision to enter into an alliance with the MNR was taken unanimously and by a vote of my comrades in the MRTKL. In the second place we believe that what we proposed to do as a party already has been done—such as bilingual and intercultural education; the allocation of resources to areas which previously did not receive a single cent, such as the regions where peasants and indigenous people live; the recognition of indigenous authorities in legal terms in the context of Convention 169 of the International Labor Organization (ILO); the support of local and community governments so that democracy functions not only in the cities but also in the cantons, communities, and villages; and the recognition of Bolivia as a multiethnic and multicultural society.

These objectives are part of the new constitution, the Law on Popular Participation, and the Law on Educational Reform. Furthermore, we are developing support among the groups which have been excluded from participation in the life of the country through strengthening small enterprises and small- and medium-sized industry.

We have worked to ensure that those of us in these excluded groups take part in the decisions made by the government, though obviously as minorities. However, the great advantage of this is that we have opened up the structure of the state and of the political system, which previously had excluded us.

Clearly, the people who come after Victor Hugo Cardenas will have greater skills and new ideas, and this will open up the system even more. Now, it would not be appropriate for me to say whether I did things well or badly, although my objective was to do a good job. I think that the communications media and the Bolivian people should judge me in this respect.

[PRESENCIA] At one time the rank and file of your party protested against your condescending attitude toward the MNR and even anticipated that you would break with that party. Do you believe that you have a more positive attitude toward the indigenous people who supported you?

[Cardenas] After two years in the government and in view of the objectives which we had set out for ourselves it was realized that I had made mistakes. People said this with great frankness. They told me in effect, Victor Hugo, we did not think that you would do what you offered to do during the election campaign.

Furthermore, I have a commitment to the indigenous people. When, on 5 August 1993, they gave me the tie which I usually wear, as a symbol of authority and social control, I promised to return it after the end of my term of office with a report on the good or ordinary things I have done.

Obviously, the MRTKL does not agree with the MNR 100 percent. There are differences between them, but there are also several points of agreement which have facilitated shaping a political alliance. We are coordinating those points with the government. We are taking action to ensure that Bolivian democracy will be less "colonialist" and less exclusionary and which moves forward to turn this country into a multiethnic, multicultural, and more representative democracy. In four years you cannot do what has not been done in the 170 years of Bolivian independence. However, we are going in the right direction, and this is important for us.

[PRESENCIA] Let us look at the specific possibilities before your party. Will it continue to exist after th end of the present administration?

[Cardenas] In 1985 we did not have a presence throughout the country. However, we have been broadening our activities in the nine departments in the country. Now we have a presence in the executive branch and in Parliament, in the municipal governments of El Alto and Tarija, and in the Secretariat of Population, where Lidia Cardenas, my wife, works actively.

We are not a party proportionally as large as others. We do not want to run around unnecessarily but effectively. Therefore, we have every possibility of continuing to be a force.

We have outstanding people such as Emilio Tarcara, a member of the Municipal Council of El Alto, and Nicomedes Cejas, a member of Parliament. Furthermore, we have Roberto Choque, a researcher and an historian, as well as other intellectuals who previously were excluded from national life. That is, we are part of a political movement which is here for the long term and which has the necessary strength and people to do the job. [PRESENCIA] Would your party support your candidacy for the presidency of the country?

[Cardenas] The constitution does not permit me to be a vice-presidential candidate in 1997 or to hold any other public position. This limits me. I have five years available to think about this, to make a kind of deep, spiritual retreat, and to talk about what we are doing. [Laughter]

[PRESENCIA] Would you like to be a candidate?

[Cardenas] It is my wish to be involved in public service, and I will always be prepared to do so. As a party and as a person we members of the MRTKL will be prepared to make that contribution.

[PRESENCIA] Do you think that you would have to compete with other possible candidates of the kind who are always there or would there be new figures on the scene?

[Cardenas] At the national level I note that there is a shortage of leadership. However, at the regional level I see that leaders are emerging who are capable of forming a team to replace the old leaders in a positive way. There are new figures coming onto the scene. However, I would like to see women emerge as leaders who now are still children.

What attracts my attention in Cochabamba and Santa Cruz is the rise of leaders in the business world, in the communications media, and in the productive sectors. On the other hand, in other departments there has not been a flexible renewal in the leadership, either of trade union groups or in the political parties.

Instead of linking up with and drawing closer to the process of social dynamics, the political parties often make a practice of drawing away from it, either deliberately or involuntarily. This is dangerous for the renewal of leadership, because as a consequence political organizations will be able to turn themselves into closed groups which do not permit the entry of new personalities and social sectors.

Brazil

Cardoso Not To Create Refundable Tax

PY2608030995 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 25 Aug 95

[FBIS Translated Text] President Fernando Henrique Cardoso today emphasized that he will create no refundable tax during his administration. The president upheld the creation of refundable taxes and the lifting of bank secrecy by Congress, as is provided for in the tax reform bill. He said, however, that such mechanisms will be used by future governments.

'Positive Signals' of Economy Said Concealed by 'Crisis'

PY2608031495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Aug 95 p B4

[Article by Beatriz Abreu]

[FBIS Translated Text] Brasilia — The crisis that has developed over the past two weeks, with the stormy intervention in the Economico Bank and the resignation of Jose Milton Dallari — the economic coordination secretary of the Finance Ministry — has darkened the outlook of the economy, concealing the existing positive signals for the next few months. A source close to Finance Minister Pedro Malan said that "the crisis overwhelmed people, who did not even realize that inflation and interest rates will be dropping over the next few months."

With a fragile financial system — pressured by the credit restrictions enforced by the government — Malan and Central Bank [BC] President Gustavo Loyola have mitigated the lack of money in the economy by giving firm signals that from now on, interest rates will not be that high.

The Central Bank has started to review all credit restriction measures, after the economic team agreed that "it is high time to ease the monetary policy."

Growth — Malan is convinced that the restrictions imposed at the end of 1994 have already produced the expected effect: Consumption has dropped, while enterprises have reduced production. "It is time to reverse this situation, if for no other reason, to avoid plunging into recession." Even though no one has made any estimates, the possibility for the economy to grow by up to five percent this year has not been ruled out.

Economic team advisers have even said that — in the jargon of economists — the situation is approaching a "softline". This means that conditions are being created to permit a "calm landing" for the interest rate drop, within the next few months.

Irrigation — "Interest rates were high and can now start to drop," government economists have said. Even though the market is not yet sure that interest rates will actually drop, the advisers of Malan and Loyola have confirmed that a larger amount of money will start irrigating the economy.

The government has slowly relaxed regulations on legal reserves, which banks are compelled to deposit in the Central Bank. This trend became more expeditious last week, when the excessive control on the money supply was relaxed, easing the pressure on the financial system and reducing interest rates on credit sales to consumers. The advisers did not attribute the modifications in the legal reserve deposits to the risk of bankruptcy of the financial system, despite the various rumors that spread as a result of the intervention in the Economico Bank. "The primary objective was to show the market that the restrictive measures are no longer necessary," the specialists said.

According to Central Bank calculations, the reduction of legal bank reserves will mean that more than eight billion reals [R] will return to the economy: R7 billion in bonds (time deposits) and R700 million in cash (R500 million from credit operations and R200 million from demand deposits). The money will start returning to the market in September, when the measures will be enforced.

Ministers Present Tax, Administrative Reform Proposals

PY2408112595 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 23 Aug 95

[FBIS Translated Text] Easier means to lift bank secrecy, the return of the compulsory loan [emprestimo compulsorio] when the monetary supply grows excessively — these are some of the novelties introduced by the tax and administrative reform proposals sent by the executive branch to Congress tonight.

To reduce expenses and increase tax collection: This formula is included in the two reform proposals, that is, in the administrative and tax reforms. When an excess of public servants and poor performance is registered, tenure in public service will be annulled. The ministers explained in detail the tax reform. However, changes to the income tax on corporations will be announced next week and changes to the income tax on individuals will be announced in two months.

Regarding the tax reform, the key word is to simplify, in order to improve tax collection, reduce tax evasion, reduce costs, and promote competitiveness without a major effect on the states and municipalities.

[Begin Planning Minister Jose Serra recording, identified by caption] First, the reform does not envisage increasing the tax burden in Brazil. Second, it does not federalize the ICMS [Goods and Services Movement Tax]. Third, it does not modify the distribution of revenues among the federal government, states, and municipalities. [end recording]

The administration insisted on the lifting of bank secrecy, and used drug enforcement as an argument.

However, the great and most controversial novelty of the tax reform proposal is the compulsory loan, like the one charged some years ago together with fuel purchases, and which was never returned to the contributors. According to the tax reform proposal, the administration could charge a compulsory loan, depending on the national monetary situation, to, for example, restrain consumption or control excessive purchasing power. All that is necessary for this compulsory loan to become effective immediately is for Congress to approve a specific petition by the government.

[Begin Finance Minister Pedro Malan recording, identified by caption] It opens this possibility for the future. I can assure you that there is no intention other than this, there is nothing under way envisaging its immediate application. [end recording]

Government's Administrative Reform Proposal Outlined

PY2408233195 Sao Paulo AGENCIA ESTADO in Portuguese 0028 GMT 24 Aug 95

[FBIS Translated Text] Brasilia — The following are the main changes included in the administrative reform proposal of the Cardoso administration:

— Public servants will now be governed by different legal systems. The federal, state, and municipal administrations may use the Consolidated Labor Laws, which are applicable to workers in the private sector.

— Public servants will enjoy job security rights after five years of service. Job security, however, will not preclude dismissals because a public servant may be dismissed due to unsatisfactory performance or when there is an excess of personnel. Those servants in what are considered to be exclusively state-oriented careers will not be subject to dismissal due to excess of personnel.

— Personnel reduction will automatically entail the abolishment of the respective positions. The federal, state, and municipal administrations are prohibited from creating positions similar to those abolished for a four-year period.

— No public servant may earn more than the president of the Republic, nor can retired public servants earn more than active servants working in similar positions. The state seeks to reduce the wages of retired "maharajas" [overpaid public servants].

— Any type of wage increase must be approved by Congress and by the president of the Republic.

— The federal administration will gain greater autonomy to organize federal public bodies (such as those of the legislative and judicial branches) and to change positions, as long as this does not entail an increase in expenses.

— Foreigners may become public servants by undergoing the respective selection process, which may establish age limits.

— The administration has de-bureaucratized the admission process by creating a "public selection process" to expedite, for instance, the hiring of experts.

— Simultaneous across-the-board wage increases for civilian and military public servants is no longer mandatory.

Contents of Government Tax Reform Proposal Outlined

PY2508202095 Sao Paulo AGENCIA ESTADO in Portuguese 0027 GMT 24 Aug 95

[FBIS Translated Text] Brasilia, 23 Aug (AE) — The tax reform proposal, which the government sent to Congress today, contemplates the following measures:

1. The government can implement a mandatory loan if it considers the situation "requires a temporary cut in purchasing power."

2. The Federal Revenue Secretariat will be authorized to request, within the framework of the law, information on financial operations by taxpayers.

3. The federal administration will also levy taxes on imported services.

4. Federal ICMS [Goods and Services Movement Tax] will be collected on interstate transactions on electrical energy and oil, including lubricants, and liquid and gas fuels.

5. As of the 1996 fiscal year, the states and the federal district will control and collect the Rural Land Tax (ITR). The counties will keep 25 percent of this revenue.

6. A law can be promulgated to define foreign trade practices that prove harmful to the Brazilian economy and, seeking to deter them, the government can authorize collection of duties and impose trade restrictions and sanctions, including on imports that have already been received and unloaded.

7. The IPI [Industrial Products Tax] will be merged with the ICMS beginning January 1998. The new tax will be levied at a national rate by the federal government; and at a state rate by the state governments.

8. The Senate, with a three-fourth quorum, will establish the state rate for the new ICMS. The federal government rate will be established through a law. The government defends the need for a three-fourth quorum — equivalent to 61 senators, larger than the quorum required for the approval of a constitutional amendment — in order to grant more stability to the new rules on ICMS.

9. One given product will have the same ICMS rate in all states. The same applies to interstate and federal ICMS rates.

10. The interstate ICMS rate will be collected by the producing state (that is, by the state producing the item), but the revenue will be transferred to the consumer state (where the item is consumed) based on the rules to be laid down by the Senate.

The ICMS rates charged by the states will no longer have maximum and minimum rates. The states will no longer have the freedom to set ICMS rates between maximum and minimum rates. The elimination of this power that the states now enjoy is considered one of the most controversial issues of the proposal.

12. Neither state or municipal governments may now grant businessmen any reimbursement or financing which may fully or partially result in compensating them for the financial or economic burden represented by the ICMS tax.

13. The National Fiscal Policy Council (Confaz) is being stripped of its current power to establish rates within a minimum and maximum rate and of granting exemptions.

14. Exporting states will pay compensation for being exempted from ICMS on imports of raw materials and semi-manufactured products until December 2000. They will have to pay full compensation only until December 1997. In 1998, this compensation will be reduced by one-fourth; in 1999, by two-fourths; and by three-fourths in 2000.

15. Current compensation to states over the ICMS exemption on exports of industrialized items will also end in December 2000.

16. The federal government will also lose 10 percent of its IPI revenues to compensate exporting states of raw materials and semi-manufactured products. It has been estimated that this loss will stand between 1.23 and 1.5 billion reals.

Governor, Officials View Solution to Banespa Debts

PY2508154695 Sao Paulo AGENCIA ESTADO in Portuguese 0006 GMT 24 Aug 95

[FBIS Translated Text] Brasilia, 23 Aug (AE) — Half of the 12 billion reals [R] Sao Paulo State Government debt with Banespa [Sao Paulo State Bank] can be paid off with state government buildings and other assets. The remaining R6 billion can be rescheduled for payment over 25 years at six percent interest per year. This is one alternative Sao Paulo Governor Mario Covas (PSDB) [Brazilian Social Democracy Party] has proposed to the federal government, seeking to lift the Special Regime of Temporary Administration [Regime de Administracao Especial Temporaria] (Raet) which has been imposed on Banespa since the end of last year.

The idea was discussed tonight by Governor Covas and Planning Minister Jose Serra for an hour. The Sao Paulo bloc congressmen who met Central Bank President Gustavo Loyola earlier suggested paying off R4 billion of the debt. The Sao Paulo Government has nearly 20,000 buildings and is willing to privatize even hydroelectric plants like the Porto Primavera installation to pay off the debt.

Covas avoided describing the idea as a firm negotiation proposal, but emphasized that it would be reasonable to expect the federal government to treat Banespa the same way as it did two years ago when it was a federal government creditor during the renegotiation of the Brazilian foreign debt. At that time, Brazilian government debts with the banks, including Banespa, were rescheduled over periods of up to 30 years at low interest rates.

The most concrete terms for solving the Banespa problem will be discussed on the morning of 24 August by Covas and Loyola. The governor hopes to reach agreement with the Central Bank before the end of the week. He categorically discards, however, Loyola's idea of privatizing the bank. Asked about privatization, Covas said as he arrived to meet Serra: "I don't see this as a possibility, I don't consider it, and I don't want to comment on it."

After meeting the minister, however, Covas said: "The best way for the Central Bank is to reorganize Banespa." Smiling, the governor said that, whatever the solution, the debt problem will remain and will even become an obstacle to the privatization of the bank. He asked: "Who will buy a bank with a R12 billion debt?"

Covas Expresses 'Dissatisfaction' Over Tax Reform

PY2308174695 Sao Paulo AGENCIA ESTADO in Portuguese 2303 GMT 22 Aug 95

[By Mariana Caetano]

[FBIS Translated Text] Sao Paulo, 22 Aug (AE) — Sao Paulo Governor Mario Covas (PSDB) [Brazilian Social Democracy Party] today expressed dissatisfaction over the government proposal to compensate the state governments for the loss ICMS [Goods and Services Movement Tax] revenue. The proposal is part of the Cardoso administration tax reform proposal. Covas said: "I do not know if 10 percent of the federal ICMS is enough to compensate state government losses. First, we must analyze how much each state will lose. If the idea is that no one should lose, we cannot talk about 10 percent or 20 percent." He said the transfer of Rural Land Tax (ITR) revenues to the state governments "is worth nothing." He says the ITR revenue nationwide is less than 100 million reals [R].

Covas said he will protest if, as a result of the tax reform announced by President Fernando Henrique Cardoso on 21 August, Sao Paulo State loses. He said: "Things are still too nebulous and I am still unaware of the impact of the measures on Sao Paulo. If it is negative, I will oppose the proposal." Covas admitted that his administration has been dealing with a major drop in sales in Sao Paulo in view of current high interest rates. He said: "This is the first month in which Sao Paulo has collected less taxes than expected," adding: "By 21 August, we should have collected R760 million, but we collected only R692 million."

Sao Paulo Planning Secretary Andre Franco Montoro Filho described the government tax reform proposal as "a step ahead" regarding ICMS collection, citing as an example the decision to exempt exports from ICMS. He expressed his frustration, as an economist and a citizen, because he would have liked the proposal to be more encompassing. Montoro Filho said: "The whole of Brazilian society wants a broader tax reform that will break with the backwardness of the tax system and transform indirect taxes into direct ones." He added: "In this respect, the proposal leaves a lot to desire."

Covas Interviewed on BC Trusteeship Over Banespa

PY2508153295 Sao Paulo AGENCIA ESTADO in Portuguese 0011 GMT 24 Aug 95

[Article by Christiane Samarco]

[FBIS Translated Text] Brasilia, 23 Aug (AE) — Sao Paulo Governor Mario Covas (PSDB) [Brazilian Social Democracy Party] arrived today in Brasilia ready to resolve, once and for all, the problem of the Central Bank [BC] trusteeship over Banespa [Sao Paulo State Bank], without having to resort to Planalto Palace. Although complaining about the treatment he has received from the federal administration, Covas said he is not downhearted and that he will continue to seek a technical solution to the Banespa problem without bothering his friend President Fernando Henrique Cardoso. He said: "I did not look him up and he did not look me up."

AE - Do you believe that if the negative balance of Banespa is published, as the BC wants, it would lead to the bank's liquidation?

Covas - If one reads the decree on the trusteeship, one will see that the BC can expropriate an institution that has a negative net asset by selling its shares for the token value of one real [R] each. I just think it is very strange to see that the federal government considered selling the Economico Bank to the Bahia State Government.

AE - The BC president defends the idea of privatization on the grounds that the state government does not need to own a bank. Do you agree with him?

Covas - I ask you: Does the federal government need to own a bank? I do not believe a state government necessarily needs a bank, even if Sao Paulo always offered more loans to agriculture than the Bank of Brazil ever did. If the main idea of the BC is that Sao Paulo does not need a bank, I want to point out that the Bank of Brazil and the Federal Savings Bank are official banks and their history has not always been worth defending. Over the past eight years, the Banespa history has not been worth defending either. The BC was there all the time and did nothing. I was not the Sao Paulo governor at that time and, therefore, I could not do anything.

AE - Is the federal government indebted to Sao Paulo?

Covas - Sao Paulo does not survive at the expense of the rest of the country. Sao Paulo contributes 29 billion reals to the federal administration in taxes and only gets back four percent of this amount: of this R200 million goes to the state government and R700 million to the municipal government. In addition, the state government pays interest rates of 4.5 percent per month, as established by the BC, on the Banespa debt. What I consider unreasonable is that the Sao Paulo Government has buildings which are used by the federal government and other entities and can only charge for them 0.8 percent of the real value of their rent. The Congonhas Airport, for example, is in an area that belongs to the state government. A large portion of the airport has been built by the state government, but Sao Paulo does not exploit it or receive anything for its use.

Pernambuco State Decrees Indefinite Debt Moratorium

PY2508164395 Sao Paulo AGENCIA ESTADO in Portuguese 2327 GMT 24 Aug 95

[Report by Angela Lacerda]

[FBIS Translated Text] Recife, 24 Aug (AE) — The Pernambuco administration has decreed a moratorium on it debt for an indefinite period and has suspended all payments due for expenses. Pernambuco Finance Secretary Pedro Eugenio Cabral said the moratorium is needed to enable the state to pay the wages to its public servants this month. He believes that by mid-September, when the sugar mills are scheduled to resume operations, the economic cycle will return to normal in the state and Pernambuco may again resume its payments.

This is the second moratorium decreed by the administration of Governor Miguel Arraes (PSB) [Brazilian Socialist Party]: The first, which was in force from January to March, was justified by the need to schedule payments for suppliers of goods and services.

The decree ordering the new moratorium also approved the immediate use of the entire remaining balance allocated for Christmas bonus payments to pay the August salaries. Payment of salaries and benefits to servants working for other branches of the state administration, for the federal administration, or for other states and municipalities, will be delayed until 10 September.

Cabral said it has been estimated that revenues stemming from the Goods and Services Movement Tax (ICMS) will total 94 million reals this month. Pernambuco has had declining revenues for the past four months. The deficit in July stood at 13 million reals and it is expected to rise to 20 million reals in August.

Reserves To Back Payment of Economico Bank Withdrawals

PY2308015895 Sao Paulo AGENCIA ESTADO in Portuguese 1641 GMT 22 Aug 95

[FBIS Translated Text] Brasilia, 22 Aug (AE) — The National Monetary Council [CMN] today approved the use of the Central Bank reserves for paying the withdrawals on demand deposits up to a ceiling of 5,000 reals [R] per Economico bank account owner. The same resolution, which had already been "provisionally" approved on 14 August, permits the use of reserves also for paying Economico bank external obligations. Another CMN resolution, which was also "provisionally" approved on 17 August, authorized payment of savings account withdrawals. The resolution had to be issued because previous rules permitted payment of savings account withdrawals only in liquidated banks, not in banks being run by a trustee, which is the case of the Economico Bank. In the case of savings accounts, withdrawals of up to R5,000 per person will be permitted.

Economico Offices Not Reopened; Workers Call Strike

PY2308184595 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 23 Aug 95

[FBIS Translated Excerpt] Despite announcement by the Central Bank [BC], the Economico Bank offices did not reopen this morning to enable customers to withdraw their money. Long lines were seen this morning outside Economico Bank offices nationwide, but the bank employees were on strike and the coffers were empty.

The main offices of the bank are in Salvador, and half of the bank customers reside there too. In Salvador, many people are still waiting outside the bank offices in case some announcement is made. [passage omitted]

The Economico Bank employees in Sao Paulo — some 1,800 people — decided not to open any of the 22 offices of the bank in the city, claiming they have not received any assurance from the BC that they will retain their jobs or collect their pay. [passage omitted]

The BC press office has announced that there is a shortage of funds at the Economico Bank offices of Florianopolis, Rio de Janeiro, Sao Paulo, and in other cities of Sao Paulo State. Even though the date set for customers to withdraw funds was delayed from 21 to 23 August, the justification for the problems encountered today is that the department in charge of distributing the funds did not have time to make the deliveries. The BC stated that these problems will be resolved today.

BC officials are trying to prevent the strike by Economico Bank employees from undermining the services to the bank customers. BC experts are already studying the bank computer system to determine whether withdrawals could be channeled through other banks.

Central Bank Creates Mechanism To Guarantee Deposits

PY2308155295 Sao Paulo AGENCIA ESTADO in Portuguese 0212 GMT 23 Aug 95

[By Raul Pilati]

[FBIS Translated Text] Brasilia, 22 Aug — According to a communique released at 2200 tonight, the Central Bank [BC] and the private banks have agreed to establish an insurance mechanism to guarantee bank deposits of a minimum [as received] of 20,000 reals [R], instead of R5,000 deposits. The communique states that the new mechanism, the creation of which the banks will contribute to, will benefit the clients of the banks that are under trusteeship, such as the Economico, Mercantile, and Commercial Banks. According to BC experts, when the Economico Bank reopens on 23 August it will allow its clients to withdraw up to R5,000. Within the next three days, however, the three banks under trusteeship will be able to allow clients to withdraw as much as R20,000 as well as to cover investments made in CDBs [Bank Deposit Certificates] and RDBs [Bank Deposit Receipts], but it will not pay for investment funds.

Once the situation of the Economico Bank clients is solved as a result of the bankers' and government's efforts to preserve the credibility of the financial system, the path to liquidate the bank is open, according to a BC director. In spite of that, the BC continues to assert that it is willing to find a way to keep the Economico Bank in business.

The recently created insurance is a "temporary mechanism" and will be in force until Congress establishes the rules for implementation of Article 192 of the Constitution, which deals with the national financial system and contemplates — among other provisions — the establishment of an insurance mechanism to guarantee deposits, the communique adds. In order to meet the needs of clients of the banks that are under trusteeship, the private banks have agreed to contribute to the new mechanism right now.

Initially, the system will be comprised of resources that are currently available from the Reserve Funds for Promotion of Currency Stability and the Use of Checks [Reserva para a Promocao da Estabilidade da Moeda e do Uso do Cheque — Recheque] — nearly R400 million — and from the Guarantee Fund for Deposits and Real Estate Certificates (FGDLI) — approximately R370 million. According to the communique, the insurance mechanism funds will initially total almost R800 million. The deposits to be covered can be a little more than R20,000 depending on their nature and term. The BC is still working out the final details of the insurance mechanism.

Central Bank To Secure Economico Bank Foreign Debt

PY2408191895 Sao Paulo AGENCIA ESTADO in Portuguese 2337 GMT 23 Aug 95

[Report by Soraya de Alencar]

[FBIS Translated Text] Brasilia, 23 Aug (AE) — Central Bank [BC] President Gustavo Loyola has said his organization, which is negotiating with foreign banks, could secure only the commercial loans contracted abroad by the Economico Bank. Loyola said the BC seeks to preserve Brazil's creditworthiness to ensure access to softer loans.

Regarding other liabilities like the bonds sold abroad by the Economico Bank which total $182 million in both medium- and long-term bonds, Loyola said they cannot be secured by the BC because "we would thus assume risks that should be assumed by foreign financial institutions."

Loyola said that the banks that purchased bonds from the Economico Bank had conducted studies on the risk involved in such purchases and even sent their people to Brazil before deciding to buy. "The BC is not an insurance company," he said.

Regarding commercial loans, Loyola said he is seeking cooperation from foreign banks because "the BC is unable and has no resources to shoulder $300 million all by itself."

Loyola said that international trade rules state that commercial credit lines must be secured. Hence, the BC is seeking a solution to the Economico Bank's problems so that Brazilian businessmen will not be forced to pay higher interest rates to have access to these lines of credit.

Agreement Permits Approval of Political Parties Law

PY2508024895 Sao Paulo AGENCIA ESTADO in Portuguese 0002 GMT 24 Aug 95

[By Isabel Braga]

[FBIS Translated Text] Brasilia, 23 Aug (AE) — A broad party agreement, which included even small parties like the PC do B [Communist Party of Brazil] and the PPS [People's Socialist Party], today led to the approval of the new Law of Political Parties. The law sets forth rules for creation of parties, for party merges, party loyalty, and lawmakers' action. Small parties managed to remove from the law a provision repealing the law of coalitions in proportional elections. The political parties law will now be submitted for approval by the president.

Another controversial topic in the law — the barrier clause, whereby congressional action will be permitted only to the parties that obtained at least five percent of the votes in at least nine states — was not changed, because regulations do not permit the elimination of an article. PFL [Liberal Front Party] Deputy for Bahia Luis Eduardo Magalhaes, however, said during a plenary session that the government is willing to veto the article.

"In the opinion of Justice Minister Nelson Jobim, this article is unconstitutional. He told me that the government has the predisposition to veto it," Luis Eduardo said. PFL Deputy for Pernambuco Mendonca Filho, chairman of the Political and Electoral Reform Committee, has said he is unaware of any agreement on the subject. "I talked with the PFL and PSDB [Brazilian Social Democracy Party] leaders, and no one knows anything about it," he said.

Free radio and television time — The way the barrier clause has been approved, only eight of the 18 parties in the Chamber of Deputies will be entitled to have free air time on the radio and television network, to designate their own party leaders as members of the permanent committees, and to designate their fellow party members to the post of president or rapporteur of these committees. The law reduces from one hour to 20 minutes the time that parties (with five percent of the national vote in at least nine states) will have for party programs on the national network. This reduction will also apply to regional programs. The plenary session approved a proposal by PFL Deputy for Bahia Jose Carlos Aleluia, granting financial compensation to the radio and television stations for the retransmission.

Also provided for is punishment for deputies who shift parties or who disregard party guidelines. If set forth or permitted by its statutes, a party may temporarily suspend a deputy who does not back the vote of the party leader. Whoever shifts parties will lose the right to the posts assigned to the party, like the presidency of the special and permanent committees.

The Chamber president was the great coordinator of the approval of the law, convincing rapporteur Joao Almeida (PMDB-BA) [Brazilian Dmoecratic Movement Party-Bahia) to give up his demand to maintain, in the text of the law, the elimination of proportional coalitions. Initially the bill, drawn up by Workers Party Deputy for Minas Gerais Paulo Delgado, was presented in 1989. The Chamber of Deputies approved Deputy Joao Almeida's alternative proposal, which was then submitted to the Senate, where rapporteur Jose Fogaca (PMDB) (RS) [Rio Grande do Sul] submitted another alternative bill. "It is a mutilated son; its good parts were removed today," Paulo Delgado said critically, emphasizing that proportional election coalitions have been restored. "This will delay the party maturity process, because the law considers a party as an NGO [nongovernmental organization]: It needs neither votes nor a political platform."

The appoved law also eliminates state tutelage over the creation of parties. As of the promulgation of the law, parties will become private institutions. Registration in a notary public's office will suffice for creating a party. The agreement establishes that the parties with provisional registries will be allowed to sponsor candidates.

Electoral topics — The president of the Chamber of Deputies maintained the decision to regulate the 1996 elections through only one specific law, without further changes in the Electoral Code. The rapporteur of the law will be deputy Jose Almeida, who preferred not to report the guidelines of the new law. "I cannot talk too much, because it might be defeated before going to the plenary session," Almeida said.

In the opinion of Almeida, if the electoral code is modified, it will be possible to use 70 percent of the bill that was approved by the Electoral Reform Committee."We will once again approve a minor, provisional law, but we will then work on the code." The law for the 1996 elections must be approved before 3 October 1995. At present, a previous agreement between the PMDB, PSDB, PFL, and PPR [Progressive Renewal Party] guarantees party memberships until March 1996.

Central Bank Orders Sao Paulo BIG Bank Liquidated

PY2608024295 Sao Paulo AGENCIA ESTADO in Portuguese 1437 GMT 24 Aug 95

[FBIS Translated Text] Sao Paulo, 24 Aug (AE) — Through resolution 000365, the Central Bank [BC] has just ordered the out-of-court liquidation of BIG S.A. — Banco Irmaos Guimaraes Inc. The BC has stated that the bank is being liquidated because of "its insufficient assets and financial inability to honor its commitments, and for having infringed upon the legal rules and regulations governing banking activities." The BIG bank is based in the city of Sao Paulo.

The BC has appointed Eduardo Felix Bianchini as the liquidator. The BC has also ordered the liquidation of the Irmaos Guimaraes brokerage firm, which is controlled by the BIG bank. Claudio Mausch, the BC acting director for banking supervision, has just announced that the BC is preparing an official communique on the BIG bank. A news conference is scheduled for this afternoon to discuss the subject.

Banks Consider Loan To Pay Economico Bank Clients

PY2208190495 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 21 Aug 95

[FBIS Translated Text] About 30 or 40 banks, including public banks, will lend money to the government so the entire debt of the Economico Bank can be returned to its clients. This proposal was discussed today during a meeting among the eight principal bankers of Brazil and Central Bank President Gustavo Loyola.

The bankers who participated administer 70 percent of the resources of the national financial system. They met for more than an hour today with all the Central Bank directors here at the Central Bank offices in Sao Paulo. According to the proposal under discussion, the banks could lend between one and 1.5 billion reals to the government. This money will allow the Economico Bank to return everything to its clients beyond the 5,000 real limit per client.

The bankers who participated in this meeting said that Central Bank President Gustavo Loyola opened the meeting by saying he intends to find a definite solution to the problem before the end of the week. What has still to be agreed upon is how the government will return this loan to the banks. The bankers said the loan should be repaid within two years.

Privatization Program Presented in Rio de Janeiro

PY2208193195 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 22 Aug 95

[FBIS Translated Text] The Rio de Janeiro administration will privatize 26 companies, from which it expects to raise two billion reals. These resources will be used for social projects. The draft bill instituting a privatization program of the state administration was delivered to Legislative Assembly President Sergio Cabral Filho and may be approved within 60 days.

The privatization methods — through auctions, co-administration, or concession of services — will be defined by a new PED [State Privatization Program] Committee.

There is already consensus about the first privatization project: It will be the Rio de Janeiro Power Company.

Rio de Janeiro Governor Marcello Alencar will conduct the first privatizations by December. Inter-American Development Bank President Henrique Iglesias and Edmar Bacha, president of the National Bank for Economic and Social Development, have offered Alencar investments and technical support for the companies that will be privatized.

Presidential Decree on Antidumping Norms Published

PY2508235695 Sao Paulo AGENCIA ESTADO in Portuguese 2231 GMT 24 Aug 95

[FBIS Translated Text] Brasilia, 23 Aug (AE) — The government has modernized the Brazilian antidumping law, adapting it to the new rules of the World Trade Organization (WTO). A presidential decree establishing norms on the subject was published today in the DIARIO OFICIAL DA UNIAO. According to Armando Meziat, trade department director of the Industry, Commerce, and Tourism Ministry, MICT, this decree and the foreign trade support institutions that will be modernized will place Brazil at the same level as its international competitors.

"Several new issues are incorporated in the decree, like deadlines for proceedings and the correction of the distortions of the previous law," Meziat said. Dumping is the sale of products at a price lower than that charged in the domestic market of origin. This practice is often used when a producer wants to win a market or harm his competitors. This week, for example, the MICT applied surtaxes as an antidumping measure on fans imported from China and on wheels from India.

Meziat reported that a decree on subventions will be passed in the next few weeks to fully modernize Brazilian norms on antidumping and foreign trade. The Brazilian Senate approved, by the end of 1994, the new WTO rules, which had been discussed within the GATT until last year.

The decree published in the DIARIO OFICIAL DA UNIAO today considers as a dumping practice the price difference between the export value and its normal sales prices. National industrial sectors that consider themselves harmed by dumping practices can ask the MICT to carry out an investigation. The harmed industries must likewise present information proving they are victims of dumping practices. The surtaxes applied can be equal to or below the price difference. Any surtax, however, can only be applied after a minimum 60-day period once an investigation is opened.

This surtax may not even be applied if the exporter agrees to increase prices in Brazil through an agreement with the Brazilian government. In the event the agreement is not respected, an additional tax will be applied immediately. Trade partners with which Brazil has signed specific price contracts are safeguarded from antidumping measures.

Antidumping Countervailing Duties Announced

PY2308170695 Sao Paulo AGENCIA ESTADO in Portuguese 0057 GMT 22 Aug 95

[By Raquel Stenzel]

[FBIS Translated Text] Brasilia, 21 Aug (AE) — The Brazilian government has imposed antidumping countervailing duties — on a permanent basis — on table fans imported from China and on bicycle wheel parts imported from India. Permanent countervailing duties were also imposed on Philippine, Indonesian, Sri Lankan, Ivorian, and Malaysian coconut flakes and on Sri Lankan coconut milk, because they are subsidized. Moreover, temporary contervailing duties were imposed on Chinese-made padlocks.

The duties were imposed to protect Brazilian manufacturers who, according to information gathered during an investigation, have been harmed by dumping and subsidies, which made them lose the domestic market to imported goods. Within the next few days, the Union's Official Gazette will publish a resolution imposing antidumping countervailing duties on Chinese garlic.

In the case of the fans, the Foreign Trade Secretariat of the Ministry of Industry, Commerce and Tourism (Secex-MICT), detected a dumping margin of up to 141.3 percent practiced by Chinese manufacturers. In order to minimize the effects of this unfair commercial practice, countervailing duties of up to 46.58 percent were imposed on Chinese exports for the rest of the year.

The maximum tax will increase to 54.59 percent between January and April 1996. From then on, the tax will increase to 96.58 percent. The countervailing duty will rise as the Import Tax [II] on this product decreases. The II percentage — which currently stands at 70 percent — will drop to 62 percent in January and to 20 percent in April 1996. The permanent countervailing duty will remain in force for five years and will tax all Chinese table fan exports.

The countervailing duties imposed on Indian bicycle wheel parts range from 6.38 to 93.94 percent, depending on the manufacturer-exporter enterprise. The MICT detected that growing imports from India, at a price below the price existing on the Indian market, harmed Brazil's Mecanica Cairu company. Production of bicycle wheel parts by this company dropped from 1.6 million in 1990 to 745,000 in 1993, compelling the company to work in 1993 with an idle capacity of 76 percent, and to reduce its personnel from 850 to only 430.

The largest dumping margin was detected in Chinese padlock exports. For this reason temporary countervailing duties on padlocks will be up to 73 percent. These duties will remain in force for only four months. During this period the MICT will try to complete an investigation before adopting the permanent duties.

Duties on coconut flake exports from Sri Lanka will be 81.4 percent; from the Philippines, 121.5 percent; from Indonesia, 155.7 percent; from Cote d'Ivoire, 87.9 percent; and from Malaysia, 196.5 percent. A duty of 175.8 percent will be levied on Sri Lankan coconut milk.

Jose Dirceu Elected Workers Party President

PY2208233095 Sao Paulo AGENCIA ESTADO in Portuguese 2024 GMT 21 Aug 95

[By Rogerio Pacheco Jordao]

[FBIS Translated Excerpt] Sao Paulo, 21 Aug (AE) — Jose Dirceu was elected president of the PT [Workers Party] on 20 August. Even though he has comfortable control of the party's national executive board, he will lead a party without a stable majority. Despite its defeat at the 20 August meeting in Guarapari (Espirito Santo), the party "leftist wing" maintained a substantial number of seats on both the party executive board and the party national directorate.

Of the 21 executive board members — to be elected within the next few weeks — 13 will support Dirceu's candidacy for the board presidency, and will support him in that post: seven members from the Coordination faction, two from the Radical Democracy faction — led by Sao Paulo Deputy Jose Genoino — and one member from the political group of deputies for Sao Paulo, Rui Falcao. The other three members are Dirceu himself — the president — Jacques Wagner — the head of the party bloc in the Chamber of Deputies — and Senate leader Eduardo Suplicy (Sao Paulo). The various leftist factions of the In Struggle PT and Leftist Option factions will have eight seats on the executive board. [passage omitted]

Alagoas Governor Views Problems, Reforms

95SM0474A Rio de Janeiro MANCHETE in Portuguese 29 Jul 95 pp 76, 77

[Interview with Alagoas State Governor Divaldo Suruagy by Murilo Melo Filho: "Full Support for Fernando Henrique"; place and date not given; first paragraph is MANCHETE introduction]

[FBIS Translated Text] The first months of his administration were very difficult: state employee paychecks were running three months late, suppliers were threatening to suspend deliveries, contractors wanted to stop work on construction projects—the general picture was one of disorganization. Now, after six months in office, Divaldo Suruagy is beginning to see a light at the end of the tunnel. After all, his landslide victory at the polls would not justify a surrender to pessimism and discouragement.

[Melo Filho] How do you feel, being governor of your state for the third time?

[Suruagy] Both grateful and frightened. Grateful because I garnered more than 80 percent of the votes (a national record) and was the victor in every Alagoan precinct. And frightened because such a big vote generates expectations of miracles, as if the mere fact of my election could solve all the problems. Unfortunately, however, I do not have a magic wand yet.

[Melo Filho] Are the problems you are encountering now more serious than the previous ones?

[Suruagy] Yes. I found the state to be in a chaotic financial situation. Before, inflation diluted everything and disguised everything. But now, with financial stabilization, the country is in an expense-cutting mode, which creates a lot of problems.

Asked about the present status of violence in Alagoas, always a critical problem in that state, the governor answered: "We Alagoans have always paid a very high price for this image of violence, although the state has never been any more or less violent than any other state in the northeast. We were just more original: a shootout in the Legislative Assembly, an exchange of shots between senators on the floor of the Senate, violent battles between political leaders for control of local situations. But now, political conflicts no longer involve deaths. There are few muggings. Maceio is a peaceful city where tourists feel safe and can enjoy the beautiful beaches. In fact, the secretary of public safety, Colonel Amaral, is one of the administration's most popular secretaries.

Governor Divaldo Suruagy then talked about the matriarchy that is now in charge of tourism in Alagoas and said he is very well satisfied with it: "In competitions with men, except in physical strength, women have always had a clear advantage. They win competitions for government jobs and beat men in college entrance exams, in tests of intelligence and versatility. We have three women heading up our tourism sector: Tereza Collor, the state secretary; Patricia Mourao, the municipal secretary; and Monica Suruagy, president of the local chapter of ABAV [Brazilian Association of Travel Agencies], which is selling a very positive image of our state.

[Melo Filho] Why did you invite Tereza Collor to serve as state secretary of tourism?

[Suruagy] Her husband Pedro Collor had helped with our election campaign. He was the first alternate for a state deputy's seat and I had invited him to be my secretary of industry and commerce. His untimely death led us to invite his widow to hold a government job. And among the duties that best suited her was that of tourism secretary, and she has been doing an excellent job there. Everywhere she goes she always gets good press.

[Melo Filho] How would you analyze the election and subsequent fall of President Fernando Collor?

[Suruagy] He is the son and grandson of traditional politicians. He allied himself with our group. But I warned about the risks of his election to the presidency, because I knew him well and did not want people to accuse me later of not having given that warning. He was the biggest political phenomenon to ever come out of Alagoas—a small state in contrast to Minas Gerais and Sao Paulo which have always elected men to the presidency of the Republic. But the temerity that got him out of Alagoas and into Planalto Palace was the same thing that ultimately defeated him.

The Alagoan governor then referred to the problems he now faces. He said they are financial, but made a point of saying that his state still has huge potential: with its 27,600 square kilometers it ranks second as a producer of alcohol and sugar; it has petrochemical and tourism complexes; it has the largest milk-producing area and is the Northeast's second largest grain producer; it has the biggest coconut and tobacco processing plants. Its financial crisis is the same as that which afflicts Brazil itself.

[Melo Filho] How would you assess the federal government's cooperation with your state?

[Suruagy] Our relations with President Fernando Henrique and most of his ministers could not be better. Our requests have been well received.

Divaldo Suruagy added that Alagoas was the state that gave President Fernando Henrique his biggest vote in percentage terms: 75 percent of the votes. The president was his colleague in the Senate for eight years. He has every characteristic to be a great president and will not disappoint the millions of Brazilians who voted for him. He is overcoming the initial difficulties he encountered. The currency has been stabilized. Inflation has been curbed. He deserves the full support of the Brazilian public, and, in fact, the public has shown it understands the need for reforms.

[Melo Filho] Are those reforms necessary?

[Suruagy] Absolutely. Brazil was in a veritable straitjacket. Several constitutional precepts were incompatible with the financial and social realities of this country.

[Melo Filho] How would you, who served as both deputy and senator, assess the current performance of the Congress?

[Suruagy] The national Congress is sensitive to the expectations of the country. The 80 percent quorum, the record-breaking attendance and results, are the best evidence of this. The passage of the reforms in this first half also corroborates this statement and demonstrates how the legislative branch ought to function.

[Melo Filho] Has the Real been good for Alagoas?

[Suruagy] It has been good for all of Brazil. A strong currency is just as important a national symbol as the Brazilian flag. Both are high values in the minds of the people. And as such, they ought to be preserved.

Lastly, talking about his future plans, Governor Suruagy said: "For the time being, my biggest concern is being a good governor of Alagoas, which is quite a job. First, I have to survive this challenge. That survival will open up several roads that could be taken.

Chile

More on Pinochet's Remarks to Soldiers

PY2508144295 Santiago EL MERCURIO in Spanish 24 Aug 95 pp C1,C8

[FBIS Translated Text] Army Commander in Chief General Augusto Pinochet warned extensively yesterday that it would be unsuitable to introduce changes that affect the Armed Forces' stability and which could also implicate their politicization.

He acknowledged that it is a historical task to make the necessary efforts to achieve national reconciliation, but based on an objective judgement of what had occurred in the country.

Pinochet made these remarks during a speech he delivered at the military academy during a ceremony held in his honor to celebrate his 22d anniversary as commander in chief of the Army.

Pinochet concluded his speech by saying: "In view of the problems and situation prevailing today, I want to tell the Army soldiers to look toward the future, to close ranks, to keep their silence, and to wait for their destiny."

Early yesterday morning, at the residence of the commanders in chief, Pinochet received the honors of the Santiago Garrison troops headed by Major General Carlos Krumm.

On the occasion Pinochet said that "considering the situation at this moment, we must only congratulate ourselves and keep silent."

In his speech at the military academy, which represents his first public remarks since President Eduardo Frei's announcement, among other things, that he has sent to Congress a draft bill which modifies the Armed Forces organizational law, Gen. Pinochet said that during his presidency the main concern of the top commanders and himself was to prevent at all times the politicization of the Armed Forces.

On this matter he said: "The essential basis of our strength is the fact that the military has not been politicized and it is also a guarantee for the stability of the entire nation."

He said that it is worrying to see some people seeking to pass judgement on the Chilean Army, and inevitably on the other armed institutions as well, based on a subjective interpretation of history over the past few years.

He added that the nature of the Armed Forces' role and the very evident experience of their constitutive factors "that appear in our history, and of events that took place over the past two decades, require a necessary correlation in the country's superior legal system."

He added that for this reason one of the great achievements of the 1980 Constitution was that of drawing on the character and experience and "reflecting them in measures that effectively contribute to preserve military professionalism and safeguard those moral and cultural conditions which are essential to fully assume the role entrusted by the constituent assembly."

These constitutional provisions began to be more explicitly reflected in the 1971 Statute of Constitutional Guarantees, in the 1973 Agreements of the Chamber of Deputies, and in the doctrinal principles which served as a basis for political leaders immediately before and after 11 September that same year, he said.

"Consequently, it would seem logical to think that the said measures are essential instruments in favor of the Armed Forces' institutional system. They are permanent state institutions that must be at a reasonable distance from any destructive possibility, and must be adequately integrated to society because they owe everything to that society," the Army commander said.

Concerning the military, he said that they are citizens who have chosen as a career the task of guaranteeing peace and security for the community. For this reason, he said, they demand recognition, cooperation, and gratitude.

"A modern society needs armed institutions committed to their superior aspirations and interests. They are true instruments of the policy that seeks the common good. This supposes avoiding involvement with party politics, and the nation must be adequately cautious to avoid it," he said.

Pinochet added that as an expression of the public force, the national defense institutions need to maintain their dissuasive capacity and to guarantee their optimum professional level and their continuous modernization, "but at the same time they must zealously worry about safeguarding the values and principles that constitute their intangible patrimony which serve as the basis and inspiration for their raison d'etre in society. Historical experience has been definitive in pointing out the risks that come with a change in measures which have proven their validity beyond the current situation."

According to the Army commander in chief, we are still too close to that period when the country "was witness of the most difficult politico—institutional crisis in its republican life. The presence of at least two generations who have lived through that period and were protagonists of the same, shows the difficulty in passing an objective judgement on that period."

He added that the politicization of society in those years was so radical that for current generations it is very difficult to understand the forms of national coexistence that could be implemented under such a situation.

"The reality of the current modern world tells us to act quickly in any situation that might contribute to an effective reconciliation because it is directly related to the successes our society can achieve in the upcoming century," he said.

According to Pinochet, this demands "from all of us who have been protagonists of Chilean history over the past 25 years a great and special effort to overcome the natural difficulties we face in making an objective judgement concerning what has been a part of our experience."

He added that Chile achieved what the fall of the Berlin Wall did 16 years beforehand. "To assume this new challenge history imposes on the current generations is imperative today, because we are living through that reality right now. We must, therefore, look at the past with a balanced perspective and a sound judgement deprived of all subjectivities. These are the characteristics prevailing today among us who have been the protagonists of that past history," he added.

These ideas will be essential, he said, in looking for paths that could lead us toward the consolidation of the final stage of reconciliation, which today is essential for future generations to face the next millennium with confidence.

Pinochet said he is celebrating this anniversary as commander in chief of the Army in the midst of personal and institutional circumstances which are very significant for the Army and for Chile.

He recalled that when he assumed the Army command on 23 August 1973, the country was in a very difficult situation. "The overwhelming majority of citizens were aware that they were living through one of the most serious and important moments of our life as a nation. At that time there was an integral crisis that affected all sectors of the country," he said.

Gen. Pinochet added that that crisis was so profound that the idea existed that Chile was in imminent danger of losing its historical identity.

He added that congressmen of that time, "some of them of outstanding public performance to this date," also appealed to the Armed Forces to guarantee the democratic coexistence of society.

The Army commander said that that period of the country's history revealed the importance of having in society a physical and moral reserve based on the Armed Forces.

Pinochet said that the violence unleashed should be tackled internally, because "although many today still tend to ignore it, violence had to be fought throughout the nation. Following the military uprising revolutionary ideology came to life. That revolutionary ideology was strong in the country. This happened 16 years before the symbolic fall of the Berlin Wall, which unveiled that that utopia was deceitful and harmful."

On the international front, Chile was the object of two highly tense situations, both closely related to each other, Pinochet said. "Chile had to endure a huge international campaign, whose priority objective was to attain the world isolation of Chile and the consequent fall of the government," he concluded.

MPMR Occupies Mexican Embassy To Protest Amnesty Bill

PY2408013095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2326 GMT 23 Aug 95

[FBIS Translated Text] Santiago, 23 Aug (AFP-NA) — Diplomatic sources have reported that four members of the leftist Manuel Rodriguez Patriotic Movement (MPMR) on 23 August took over the Mexican Embassy in Chile, in rejection of a proposal by President Eduardo Frei to put an end to the trials against military officers.

In a communique addressed to the Mexican authorities and to "our Latin American brothers," the MPMR members termed "undesirable" the proposal by Frei, under which the military charged with human rights violations under the regime of General Augusto Pinochet (1973-90) will be left "unpunished."

Shortly after midday, after delivering their note to Ambassador Raul Aguilar Valdes, the MPMR members peacefully left the building, the sources added.

The action was undertaken two weeks before a visit that the Chilean president is planning to make to Mexico, between 6 and 10 September.

Shortly before this, the police arrested eight demonstrators of the Association of Relatives of Missing Detainees, who had chained themselves to the windows of La Moneda to protest the "impunity."

The proposal by Frei is included in three bills that he submitted to Congress. One of them will clear the charges against those responsible for the disappearance of a thousand political prisoners during the military regime.

The bills, which will be voted on by Congress before being passed into law, are backed by the Christian Democratic Party, the Socialist Party, and the other parties within the Coalition of Parties for Democracy, in addition to National Renewal, a rightist opposition party.

Senators To Decide Reconciliation Proposal's Fate

PY2508004495 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 23 Aug 95

[Names identified by screen captions]

[FBIS Translated Text] [Announcer] The three draft bills on human rights trials, the Armed Forces Organizational Laws; and constitutional reforms that were announced by President Frei are already in Congress. The bills arrived at the Senate, and will be discussed on a priority basis.

[Begin recording] [First unidentified reporter] Six cabinet members, headed by the interior minister, met with the members of the Senate's Constitutional Committee to present these proposals.

Amid the debate that has ensued in the Senate over the bills, Santiago Sinclair, former Army deputy commander, joined those who criticize them. Sinclair rejected the amendments suggested for the amnesty law establishing that if there is no information about the missing detainees, the cases will be termporariy suspended.

[Sinclair] What is important here is a basic question. Amnesty must be enforced just as it was conceived. Interpretations on the amnesty law are not needed.

[Justice Minister Soledad Alvear] In his address to the nation last night, the president clearly stated that this is an open wound and that the country must know what happened to these people, where the remains of missing detainees are located.

[Reporter] The debate in the Senate Constitutional Committee clearly established the main differences between National Renewal [RN] and UDI [Independent Democratic Union].

[RN Senator Sergio Diez] We are happy that the president has accepted our suggestion to submit these bills separately to the Senate. We hereby announce our willingness to discuss them with an open mind.

[UDI Senator Hernan Larrain] As I have said, the bill on the Armed Forces Organizational Law is a mistake. It has no relevance with regard to the issues under discussion. Moreover, we believe that it is completely appalling to try to resolve civilian-military ties through the removal of admirals and officers. As I have already said, we believe that the government's proposal on the human rights issue is insufficient.

[Defense Minister Edmundo Perez Yoma] Our proposal seeks to avoid any politicization of the Armed Forces.

[Interior Minister Carlos Figueroa] We have discussed an overall proposal that, despite the fact that it includes different issues, seeks the same objective, namely, achieving the reconciliation of the country and perfecting democracy.

[Reporter] The debate on these two issues was suspended until the afternoon of 24 August. In the morning Miguel Otero, chairman of the Senate's Constitutional Committee, will meet with Frei. Otero will propose to the president that the two human rights proposals, that of the administration and of the opposition, be merged. [end recording]

[Announcer] The fate of the presidential proposal is still uncertain. While the CPPD [Coalition of Parties for Democracy] has urged the right to support the proposal, the UDI insisted that it is doomed to fail.

[Begin recording] [Second unidentified reporter] The presidential proposal that seeks to resolve the pending problems of the transition government was able to garner the support of a party coalition which, throughout the entire debate process, was unable to achieve a unanimous view on the issue. The greatest tension was centered between the PS [Socialist Party] and the PPD [Parties for Democracy] because of their demands for establishing the truth and justice and fears of failure.

[PPD President Jorge Schaulsohn] We will support the president's human rights draft bill despite the fact that it makes concessions to those indicted for these cases.

[Public Works Minister Ricardo Lagos] Just as we do not want military officers to be brought to court, we do not want the military to stage demonstrations for various reasons, or for them not to be subordinated to civilian power.

[Reporter] The PS unanimously supported Frei, but on the condition that the proposal be totally approved.

[UDI President Jovino Novoa] If this is an indivisible proposal, as was stated by some CPPD leaders, it is very likely that it will not be approved.

[PDC, Christian Democratic Party, President Alejandro Foxley] The worst that can happen is for a few political leaders, from any political group, to block the situation, because that would lead people to believe that the Chilean political leadership is unable resolve a problem that has existed for 20 years.

[Reporter] At the Armed Forces level, the Air Force [FACH] praised the proposal.

[FACH Commander Fernando Rojas Vender, in progress] ...anything that is done to achieve national reconciliation. This is essential.

[Reporter] The Army was not pleased with the proposal because, as sources close to the Army have said, it does not resolve pending human rights cases and, furthermore, it proposes amendments to the Armed Forces Organizational Law.

It is definitely up to RN, which has expressed its willingness to negotiate, to decide the fate of the proposal. However, no one can guarantee how the eleven RN senators will vote. [end recording]

CPPD, Opposition To Debate Reconciliation Proposals

PY2508005595 Santiago Television Nacional de Chile Imagen Internacional in Spanish
1100 GMT 24 Aug 95

[All names identified by screen caption]

[FBIS Translated Text] The Senate's Constitutional Committee has agreed to debate the human rights proposals submitted by the right and the administration. This is the first gesture the ruling and opposition parties have made to achieve an agreement.

[Begin recording] [Unidentified reporter] After an extensive meeting held between President Eduardo Frei and Miguel Otero, the chairman of the Senate's Constitutional Committee, the CPPD [Coalition of Parties for Democracy] and opposition parties agreed not to block their respective human rights proposals, both of which were received for debate in Congress.

[Interior Minister Carlos Figueroa] I believe this was a gesture that allows the immediate discussion of the administration's proposal. This would have been impossible to do according to regulations unless the opposition made this important gesture.

[Miguel Otero] I believe that the Senate committee is giving an important example to the entire country on how to handle a proposal of this nature, which will allow us to definitely achieve the reconciliation of the nation.

[Reporter] The approval of one of the proposals will depend on how they are voted on in the Senate and the Chamber of Deputies. [end recording]

CPPD Parties Refuse To Pass New Amnesty Law

PY2508184595 Santiago Television Nacional de Chile Imagen Internacional in Spanish
1100 GMT 25 Aug 95

[All names identified by screen caption]

[FBIS Translated Excerpt] [Announcer] The administration and the parties of the CPPD [Coalition of Parties for Democracy] have reasserted that they will not approve the implementation of a new amnesty law to resolve human rights violation cases perpetrated during the military regime.

[Begin recording] [Unidentified correspondent] Human rights organizations yesterday staged another demonstration in front of the government house to reject the administration's proposal to determine the fate of missing detainees.

[Unidentified relative of missing detainees, in progress] ...the essence of the draft bill proposed implies the renunciation of justice for the sake of allegedly establishing the truth about the individual fate of missing detainees. The right to justice is irrevocable.

[Correspondent] At the same time, members of the cabinet's political affairs committee held a meeting at which they made a positive assessment of the agreement achieved at the Senate's Constitutional Committee, which agreed to debate the human rights draft bills submitted by both the administration and opposition parties.

[Government Secretary General Joaquin Brunner] As the president has clearly stated, the administration does not intend to approve these bills through the establishment of spurious majorities. It also has no intention of having the Senate approve bills that would be later rejected by the Chamber of Deputies. We will either achieve an agreement on the basic issues or none at all, but we will not worry about procedures.

[Correspondent] CPPD leaders and legislators agreed with the political committee's views.

[PDC, Christian Democratic Party, President Alejandro Foxley] We are trying to improve the bill. We want to include points of view that will not change the essence of the bill, namely, the idea of implementing a new amnesty law is completely rejected.

[PS, Socialist Party, Deputy Carlos Ominani] It is obvious that any legislative proceeding entails negotiations and an exchange of views but there is one issue on which we will not negotiate, that is, we will not change the nature of the human rights bill and thus pass a new amnesty law.

[PPD, Party For Democracy, Senator Sergio Bitar] The PPD rejects anything similar to a new amnesty law because it would not resolve national problems. [passage omitted] [end recording]

Lebanese Minister Wants Planes Refurbished by FACh

PY2508163395 Madrid EFE in Spanish
1448 GMT 23 Aug 95

[FBIS Translated Text] Santiago, 23 Aug (EFE) — Lebanese Defense Minister Mohsin Dallul has reported that he and Chilean Air Force (FACh) officials are analyzing the possibility of having the Hawker Hunter fighter bombers modernized, repaired, and maintained in Chile.

The Lebanese Defense Minister, who is today completing his third day of an official visit to Chile, said this after visiting the Chilean National Aeronautical Enterprise (Enaer).

"I am extremely happy to be in this country," Dallul said after stressing his friendship with his Chilean Counterpart Edmundo Perez Yoma, who visited Lebanon in October 1994.

Enaer Director Fernando Silva said the visit of Dallul and his delegation of seven top commanders of the Lebanese Armed Forces, is in compliance with the bilateral exchange policy.

Silva said reports of Enaer's technological and certification services, which are well known in Latin America, have gone beyond the continent.

Reports obtained from Lebanon state that the Lebanese Air Force has seven British Hawker Hunter fighter planes in need of modernization.

The FACh has just replaced its Hawker Hunter planes with Belgian Mirage Elkans, and has advanced technology and highly qualified personnel to repair and modernize this type of aircraft, which were fitted in Chile with first-generation Shafri-type air-to-air missiles.

The Lebanese minister has a tight agenda in Chile, which today includes a visit to the Navy Shipyards and Ordnance (Asmar). Tomorrow, 24 August, Dallul will visit the Army Ordnance (Famae) installations.

Mohsin Dallul arrived on 19 August to assess military cooperation possibilities and to strengthen bilateral ties between Santiago and Beirut. He will remain until 26 August.

During his stay, the Lebanese Defense Minister met with the defense minister, Foreign Minister Jose Miguel Insulza, the Armed Forces commanders in chief, and the Carabineros director general.

Some 300,000 citizens of Lebanese origin live in Chile. They began to arrive about 100 years ago, and have been successful in marketing, industry, professions, and politics.

In February 1995, Chile designated Ignacio Gonzalez Serrano as its first ambassador to Beirut after seven years of a charge d'affaires.

Dallul's visit to Chile is the most important by any Lebanese government official.

Correction to Frei Proposes National Reconciliation

PY2308155995

Santiago EL MERCURIO in Spanish on 23 August publishes a correction to the text of President Eduardo Frei's National Reconciliation speech, which was published in the 23 August Latin America DAILY REPORT, page 43. The correction reads as follows:

Column one, paragraph eight, sentence three to sentence four make read: ...of our democracy. More than ever it has become more obvious that some institutions of the Republic are not functioning adequately and that the president's authority has been restricted by regulations...(supplying additional wording for clarity).

Colombia

Senator To Ask U.S. Envoy Be Declared Persona Non Grata

PA2808024395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 28 Aug 95

[From the "AM/PM" newscast]

[FBIS Translated Text] Next Tuesday, Senator Jaime Luzan will propose to the full Congress that U.S. Ambassador to Colombia Myles Frechette be declared persona non grata.

Prosecutor General: U.S. Pressure Influenced Government

PA2708173695 Mexico City NOTIMEX in Spanish 1534 GMT 27 Aug 95

[FBIS Translated Text] Caracas, 27 Aug (NOTIMEX) — Colombian Prosecutor General Alfonso Valdivieso told local newspaper LA NACION [as received] that the actions taken by his government against the Cali Cartel were influenced by U.S. pressure.

In an interview published this Sunday, 27 August, he said the Prosecutor General's Office did not act under White House pressure, but said the government could have been influenced by Washington's tough policies.

"As for the government, I think the tough U.S. position could have had an influence, but the government has shown a commitment to take action," the Colombian Prosecutor General said.

Valdivieso said his office maintains total autonomy and independence from any U.S. position.

"I have never guided my actions according to what the United States may or may not like; I have acted with complete independence. I have said in Congress that to speak with U.S. officials, here or there, I have to learn no lessons," he said.

He denied that U.S. agents are contributing to his personal security and said this is the responsibility of a Prosecutor General's Office team with the support of the Colombian Army and Police.

"All we needed was to have a foreign government in charge of my security. That would be totally outrageous and absurd," he said.

He said that in matters of security the United States only provides technical support and training to officials from the Prosecutor General's Office and the government.

Valdivieso reiterated that the DEA and the CIA participate in narcotics operations in Colombia providing only technical support and intelligence, but "they never conduct operations by themselves."

He said that the investigation to determine if the drug traffickers financed part of Ernesto Samper's election campaign in 1994 will reach the bottom and could end before the end of the year.

He ruled out that a conspiracy against him or President Samper is being plotted and said it was only a "poor interpretation of what is going on."

The Colombian Government is going through one of its worst political crises following the investigations conducted by the Prosecutor General's Office regarding the alleged contribution of drug trafficking funds to the election campaign that led Samper to the presidency in 1994.

Says Investigations To Reach Bottom

PA2708151895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1404 GMT 27 Aug 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Caracas, AFP — Colombian Prosecutor General Alfonso Valdivieso said in statements to a Caracas newspaper published on 27 August that the investigation of the narcofinancing of his country's electoral campaigns will reach the bottom even if President Ernesto Samper falls.

Valdivieso also said it is logical for drug traffickers to want to extend their operations to other countries to use them as processing centers and said it is logical to think that neighbors will be adversely affected the most.

In statements to EL NACIONAL, Prosecutor General Valdivieso said that the narcofinancing investigations will reach the bottom and added that the only way to prevent the investigations from reaching their final consequences would be by disregarding the evidence and by stopping the investigations.

Valdivieso said that even though the future of President Samper, regarding his actions, are in the hands of the Accusation Commission of the Chamber of Representatives, the Prosecutor General's Office could decide the fate of the president to the extent it could establish the situations around his electoral campaign that could in some way uncover him .

The judicial decision, however, is up to the Congress, he said. The prosecutor general explained that judicially, President Samper could have the sufficient elements to say nothing has happened here, but he warned that as far as the electoral campaign is concerned, the Prosecutor General's Office could make decisions that could end up adversely affecting the president, even though it would have no effect judicially.

During the interview, Valdivieso described himself as a personal friend of President Ernesto Samper, and added that he even supported him in his presidential campaign.

However, if President Samper falls, Prosecutor General Valdivieso said Vice President Humberto de la Calle would become president.

Asked why De La Calle has not been touched if he was Samper's running mate in his presidential campaign, Valdivieso replied that this point is being discussed in a purely speculative context.

He also said that there are people who believe the Vice President De La Calle does not face the situation being faced by President Samper, while others claim that any decision adopted should also affect De La Calle.

However, Valdivieso remarked that thus far, the Prosecutor General's Office lacks evidence implicating De La Calle, but explained that if it had any, it would fall under the jurisdiction of Congress.

He also stated that thus far, the Prosecutor General's Office has not begun an investigation on the electoral campaign of Andres Pastrana, former Conservative Party presidential candidate.

We are willing to continue fulfilling our duty of providing Colombia with clear answers on how the events —which remain obscure and unjustified— unfolded.

Valdivieso added that this will benefit democracy and guarantee that Colombia is able to tackle one of its worse current problems: corruption.

Denies Arrest for Fernando Botero Issued

PA2608195495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 26 Aug 95

[From the "Cripton" newscast]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso categorically denied that an arrest warrant was issued against former Defense Minister Fernando Botero:

[Begin Valdivieso recording] That is untrue. I regret the fact that such reports aim to predict judicial decisions when a decision has not been made and when we cannot predict that decision. The prosecutors, within their jurisdiction and in keeping with their judgments, will in due time make that decision. [end recording]

He also deplored the undue meddling and lack of knowledge of General Bedoya in the affairs of the Prosecutor General's Office and of the judges:

[Begin recording] [Valdivieso] I hope that those statements were simply caused by misinformation and perhaps a lack of adequate knowledge. Some of them tried to involve the Prosecutor General's Office, although this office was not responsible. For example, it was said that the Prosecutor General's Office did not issue a condemnation, but that has never been a duty of this office.

[Reporter] Does the Prosecutor General's Office know about the sentence for Francisco Galan? It is official?

[Valdivieso] The judges are called to make that decision. We are not aware of it. As you know, the Prosecutor General's Office is part of the trial, but we are not aware of the judicial decision.

Outgoing Ambassador to UK Explains Reasons for Resigning

PA2608171895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Aug 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Following her surprising resignation from the Colombian Embassy in London, Noemi Sanin has been described by some as an opportunist and by others as very smart.

Today our correspondent in the British capital, Marcela Hughes, spoke with the former foreign minister. This is a via satellite report.

[Begin recording][Hughes] The most important news for Colombia was generated from this modest London home. Noemi Sanin will no longer be Colombia's ambassador to London and withdraws her support from the Ernesto Samper administration. This newscast investigated the reasons. What led you to lose confidence in the government of President Samper?

[Sanin] My resignation has nothing to do with my confidence on the Samper government. It is about my overwhelming need to obtain my independence and freedom to criticize and give opinions. When I became ambassador I was not aware — and I am not aware now — of what happened. What I am asking for precisely is the support of the justice system to investigate the incidents.

[Hughes] Do you have more information about the Samper investigation?

[Sanin] I am not a prosecutor and I do not want to do the judges' work. I made this decision based on my deep, very serene, and well-meditated convictions.

[Hughes] It is known that former President Cesar Gaviria has not shared the work done by President Ernesto Samper up to now. Could we understand this as a plot? Are you part of a plot against the Samper government?

[Sanin] Are you sure that former President Cesar Gaviria is doing opposition work against President Samper? I have talked to him and I have not perceived the same. What plot are you talking about? I am not aware of any plot. A plot? I do not know what you are talking about.

It would be very worthy, very important for Colombians to clear up these serious incidents before the international community. We hope all persons linked to the campaign financing process would contribute their efforts and their knowledge so that the justice system can hand down a ruling against those responsible. I hope the majority of us, the Colombian people, who have nothing to do with this matter be seen with respect in the international community, which we now lack.

Yesterday it became clear to me that I was totally convinced about my decision. I made the decision to resign. I was very pleased to do it and very calm. [end recording]

Samper Downplays Resignation

PA2708032195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 27 Aug 95

[Report by Oscar Galvis in Duitama, Boyaca Department; from the "AM/PM Newscast"]

[FBIS Translated Text] In Duitama, in a speech full of bicycle jargon, President Samper today referred for the first time in public to the resignation of former Ambassador Noemi Sanin. The president was inaugurating a site for the next world cycling competition.

President Ernesto Samper referred to the resignation of former Colombian Ambassador to London Noemi Sanin. In an improvised speech in Duitama, the head of state, using bicycle terminology said:

[Begin Samper recording] Some fellow team members have taken shortcuts [laughs], and this does not annoy the government. To the contrary, we believe they have a right to participate and probably they are looking forward to the other race, and this does not bother us. What we want is to finish this race on 7 August 1998. [applause] [end recording]

Later, when we pinned him down on this current hot topic, the president said:

[Begin recording] [Galvis] Mr. President, do you believe that the country is undergoing an institutional crisis such as the former ambassador says?

[Samper] I believe there is no institutional crisis; there is no confrontation between government branches. We should not despair; we need to allow the justice system to run its course and prosecutors to do their job. [end recording]

Then we asked him in cycling terms, how tough is the hill he is climbing today?

[Begin Samper recording] I believe we are crossing one of the difficult mountain courses, but there have been other rather steep hills as well. [end recording]

The president stated: We have had to come across a few nails, skids, and little pebbles on the way, but we will wear the tricolor T-shirt right to the end.

The president also said that those who believe they can profit from this crisis are mistaken.

Samper Campaign Treasurer Files Reportedly Stolen

PA2608202095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 26 Aug 95

[From the "Cripton" newscast]

[FBIS Translated Text] The theft of the documents containing the investigation of Santiago Medina, former treasurer of President Ernesto Samper Pizano's campaign, has been practically resolved. The documents were reportedly stolen from the Prosecutor General's Office by an Archive Section employee.

High-ranking officials at the Prosecutor General's Office quickly and efficiently investigated the disappearance of the important document, which led to the violation of the indictment documents from the famous Process 8000.

When the investigations were concluded, the Prosecutor General's Office decided to immediately dismiss Archive Section Chief Federico Valdes, who is believed to have stolen the document and sold to the assistant of a Valle del Cauca representative linked to the Cali Cartel.

The sinister arm of the mafia drug lords was reportedly behind the theft of the document to cause the commotion that effectively took place when the alleged infiltration of drug trafficking money into Samper's campaign was revealed.

Up until now, two things were clear. First, the chief of the DAS [Administrative Department of Security], Ramiro Bejarano, had nothing to do in the theft of the document and that now the justice system will take action, not only against those who singled out Bejarano as being guilty of the theft, but also against those who are truly responsible, the friendly Archive Section employee from Choco Department, Federico Valdes, and his connection with the Valle del Cauca politician, who ordered the purchase of the document.

As for the theft of the document containing the investigation of Santiago Medina, a few minutes ago we were able to talk to Prosecutor General Alfonso Valdivieso Sarmiento.

[Begin recording][Unidentified reporter] Was it Federico Valdes the person who stole a copy of the documents containing the investigation of Mr. Santiago Medina?

[Valdivieso] We cannot categorically say that. I have seen that other media have reported that. We have not concluded our investigations. We do not have enough evidence to make a conclusive statement.

[Reporter] Is it true that Mr. Federico Valdes is chief of the Archive Section of the Prosecutor General's Office?

[Valdivieso] He was linked to the Prosecutor's Office, but for the past few days, some two or three weeks he stopped working for the institution.

[Reporter] Because of a violation of the law or not?

[Valdivieso] He was dismissed. A decision was made to dismiss him.

[Reporter] Is it true that 20 million pesos were paid and that they were paid by a congressman from the First Commission of the Congress?

[Valdivieso] No, that information does not correspond to what we have determined in the investigation we have conducted up to now. [end recording]

Found in Cell of Imprisoned Cali Leader

PA2708012095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 25 Aug 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Incredible! In a raid by the Directorate of Prisons on the cell where Gilberto Rodriguez Orejuela is being held, a copy of the deposition of Santiago Medina, President Samper's former campaign treasurer, was found.

The authorities are attempting to establish how this confidential document, which was the object of scandal when it came to light publicly, found its way into the hands of the head of the Cali Cartel.

The leak, which government members denounced so much, even took place in the maximum security halls of La Picota Prison, where the Rodriguez Orejuela brothers serve time. Gilberto Rodriguez had the document concealed inside a Constitution of Colombia tome, which was on top of a table in his cell.

Judge Interrogates First Lady About Samper Campaign

PA2508194495 Madrid EFE in Spanish 1510 GMT 25 Aug 95

[FBIS Translated Text] Santa Fe de Bogota, 25 Aug (EFE) — Jacquin Strouss de Samper, wife of Colombian President Ernesto Samper, was interrogated yesterday by one of the judges assigned to a huge investigation into the alleged infiltration of drug trafficking in the president's electoral campaign.

Mrs. Samper was questioned at Narino Presidential Palace, downtown Santa Fe de Bogota, several local radio stations reported today.

The proceeding was surrounded by great secrecy and was held at the Government Palace upon a decision of the Prosecutor General's Office.

A "faceless judge" (anonymous so as to prevent reprisals) of this office interrogated President Samper's wife for several hours. The president is facing a serious political crisis for the alleged infiltration of drug trafficking money into his political campaign, which led to his election last year.

The Colombian first lady was interrogated as a result of statements by anticuarian Santiago Medina, a former treasurer of Samper's campaign, that an ecological organization she headed had collected and contributed funds to Samper's electoral camp.

Judicial sources have clarified that the proceeding involved "free and spontaneous statements."

Nevertheless, Mrs. Samper's interrogation is part of the preliminary investigation of a suit known as "Process 8000" for the alleged infiltration of drug trafficking in Colombia's most recent election.

This suit includes investigations into illegal enrichment, the illegal receiving of money, and cover-ups reportedly involving individuals who contributed or received illegal money during Samper's electoral campaign last year.

Former Defense Minister Fernando Botero Zea, who was arrested two weeks ago after his resignation on 2 August, is also involved in the suit.

Brothers Gilberto and Miguel Rodriguez Orejuela, considered to be the top leaders of the Cali drug cartel, and three of their main front men are also linked to the suit.

Journalist Alberto Giraldo, who was identified as the "public relations man" of the drug trafficking organization, several congressmen, and former parliamentarians are also part of the investigation.

Minister To Testify on Alleged Drug Money in Campaign

PA2508204495 Madrid EFE in Spanish 1920 GMT 25 Aug 95

[FBIS Translated Excerpt] Santa Fe de Bogota, 25 Aug (EFE) — Colombian Communications Minister Armando Benedetti will testify next week at the Supreme Court of Justice before a prosecutor who is investigating his alleged acceptance of money from drug traffickers for President Ernesto Samper's electoral campaign.

Benedetti will be questioned after the same prosecutor has heard new testimony from antique dealer Santiago Medina, former treasurer of Samper's political organization, according to reports published by the media in Santa Fe de Bogota today.

Medina has accused Benedetti, who coordinated the current president's campaign finances along the country's northern coast, of having received funds from local drug trafficking gangs. [passage omitted]

Investigation Reveals Vanishing of Samper Campaign Funds

PA2708154795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 27 Aug 95

[Report by Gustavo Nieto; from the "AM/PM Newscast"]

[FBIS Translated Text] An investigation being conducted by the Chamber of Representatives indicates the disappearance of President Ernesto Samper's campaign funds. According to an investigator, the first documents that prove this — which might evolve into another scandal— point to Santiago Medina.

[Gustavo Nieto] According to a judicial source, funds allocated to President Samper's political campaign have vanished. This source stated that according to evidence gathered by the investigators, Santiago Medina, President Samper's campaign treasurer, misappropriated campaign funds by forging signatures and documents. The source remarked that all the funds of the regional treasurer's offices were sent to the General Treasurer's Office in Santa Fe de Bogota, which, in turn, reallocated them to the different provinces in keeping with their individual needs.

The transfer of these funds was cemented through the signing of the corresponding receipt, which was eventually registered in the accounting books. However, the same source explained that the receipt Medina presented to campaign manager Fernando Botero was not only a different one, but it also involved a larger amount of money. This procedure was confirmed in at least one case through a comparison of the signatures of one of the regional treasurers. The treasurer also said that he had never received the amount specified by Medina on the receipt. Medina himself submitted these receipts to the Prosecutor General's Office.

Thus far, the disappearance of some campaign funds has been established; the amount of money involved has yet to be confirmed.

Investigator To Present Report on Samper Case

PA2608202695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 26 Aug 95

[From the "Cripton" newscast]

[FBIS Translated Text] Heyne Mogollon, investigator in charge of presenting a position paper who belongs to the Accusations Commission of the Chamber of Representatives, has clarified that at no time will President Ernesto Samper be heard in the prelimary proceedings that the Congress of the republic is conducting in the wake of on alleged infiltration of drug-trafficking money in his political campaign.

[Begin Mogollon recording] A free and spontaneous statement will be made; without oath. [end recording]

The Accusations Commission of the Chamber of Representatives is currently conducting a penal preliminary investigation ordered officially by this legislative body against the president.

[Begin Mogollon recording] The commission will only approve or reject the report of the investigating representative. Hypothetically speaking, if an accusation is recommended, the proceedings would be transferred to the Chamber of Representatives and later to the Senate. [end recording]

This investigation is confidential and in this case, Heyne Mogollon is acting as a prosecutor within a penal proceeding:

[Begin recording] [Unidentified reporter] Dr. Mogollon, who else will be summoned in the investigation?

[Mogollon] That is a confidential part of the proceedings. [end recording]

Heyne Mogollon has 60 days to present his position paper to the Accusations Commission. He must establish whether there is merit in starting a formal investigation of the president of the Republic.

De Greiff Denies Alleged Ties to Cali Cartel Leaders

PA2708031395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 27 Aug 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] In its 27 August edition, the newspaper EL ESPECTADOR will publish a document in which former Prosecutor General Gustavo De Greiff appears as a partner with Gilberto Rodriguez Orejuela and Alberto Giraldo. The 1980 document pertains to an airline. De Greiff says it is an outrage because he never had any ties with his alleged partners.

EL ESPECTADOR's front page headline tomorrow will be: Rodriguez and De Greiff at a business meeting. This headline will be accompanied by a document that presents De Greiff as Rodriguez Orejuela's partner in the Lineas Aereas El Dorado company. EL ESPECTADOR will publish a facsimile of Deed 2609 from Notary Office No. 21 in Bogota, signed among others by Gustavo De Greiff Restrepo, Gilberto Rodriguez Orejuela, and Alberto Giraldo. Beside their names are their respective identification card numbers and signatures.

According to the newspaper, De Greiff, current ambassador to Mexico, appeared in 1980 as president of the company among whose partners were two people who today are incarcerated on drug trafficking charges.

De Greiff was president of Lineas Aereas El Dorado until 30 September 1981. EL ESPECTADOR will say tomorrow that the partners used to meet in offices that were subsequently assigned to the former prosecutor general.

De Greiff reacted to this information in two letters sent today to EL ESPECTADOR. In the first he explained that he never was — not even for a second — Rodriguez Orejuela's partner. He said that it is an outrage for his involvement in that company to be linked to his controversial actions toward the Cali Cartel when he was prosecutor general, and he asked to have his bank accounts investigated. In the second letter, sent minutes later, he added that he only signed the bill of sale because the company never obtained financing to operate, but that he never had any relationship with Rodriguez Orejuela and Alberto Giraldo, the buyers.

Calls EL ESPECTADOR Report 'Outrage'

PA2808010995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2300 GMT 27 Aug 95

[Telephone interview with Gustavo De Greiff, current ambassador to Mexico and former prosecutor general, by unidentified reporter — live]

[FBIS Translated Text] [Reporter] Mr. Prosecutor, the newspaper EL ESPECTADOR has published that you had business ties with confirmed drug trafficker Gilberto Rodriguez Orejuela. What have you to say to the country regarding this publication by the Santa Fe de Bogota newspaper?

[De Greiff] That newspaper's publication is an outrage I would imagine is financed by certain people who are interested in silencing me, but they will not accomplish that. What I wish to say first of all is that yes, 15 years ago for a period of no more than 90 days, I belonged to a company among whose partners were Mr. [pauses] ... what's his name ... [pauses] Giraldo and Mr. Rodriguez Orejuela. That was 15 years ago for a period of 90 days. That is why there are some suspicions regarding certain controversial actions by Dr. De Greiff when he was at the Prosecutor General's Office.

This is an outrage, a dirty trick, and if the laws governing insults and slander were effective the newspaper would, of course, receive the punishment it deserves.

[Reporter] Mr. Ambassador, on page 5A of the publication, your signature appears on a facsimile beside those of Gilberto Rodriguez Orejuela, Alberto Giraldo, and other people. Why the signature beside theirs?

[De Greiff] It is not beside theirs. My signature appears on a deed. If you check the date of the deed you will see that it is over 15 years old and pertains to what I have told you.

[Reporter] Did you, however, ever have business dealings with Gilberto Rodriguez Orejuela?

[De Greiff] Something is going on in Colombia; guilt by association. If at any specific time a person maintained relations with another person, even if it was a legal relationship, that person is responsible for all of the other person's illegitimate activities. That is an outrage, a dirty trick, and an injustice.

[Reporter] Does this mean, Mr. Ambassador, that you never met Gilberto Rodriguez Orejuela or persons close to him?

[De Greiff] Correct. That is true and, of course, those negative assertions must be proven against me by someone who can prove that I knew him. First of all, I did not know him and second, no one knew the type of activities Mr. Rodriguez Orejuela was involved in at that time, except for his legal activities.

[Reporter] Dr. Gustavo De Greiff, ambassador to Mexico and former prosecutor general, it was very kind of you to talk with Caracol.

[De Greiff] My pleasure. Best regards.

Poll: 63 Percent Oppose Samper Stepping Down

PA2708212395 Madrid EFE in Spanish 0006 GMT 27 Aug 95

[FBIS Translated Text] Santa Fe de Bogota, 26 Aug (EFE) — According to a poll done by Napoleon Franco and Company, disclosed today, 63 percent of Colombians do not want President Ernesto Samper, affected by suspicions that drug traffickers financed his candidacy, to step down. Andres Pastrana, conservative leader and Samper's opponent during the past elections, has requested his resignation.

The poll was carried out in four main cities in the country after Samper and Pastrana appeared on television.

Only 32 percent of those polled on 19 and 20 August were in favor of Samper's temporarily removal until the so-called "narcogate" is resolved.

The poll also showed that liberal Samper has a better public image than conservative Pastrana; 56 percent said they had a favorable image of Samper, while, 55 percent said Pastrana's image was unfavorable.

Furthermore, 64 percent agreed with Samper's decision to declare the state of internal disturbance, which was announced during his television appearance, and which allows him to regulate public order matters by decree. Nevertheless, only 51 percent believes in Samper's reasons for adopting the measures, 41 percent answered negatively, and 9 percent said they did not know or did not answer.

Pastrana has less credibility among Colombians than Samper, as 67 percent said they do not believe his candidacy had no "Cali Cartel" funds.

The poll revealed that Samper's television appearance was followed by 83 percent of the viewers, while 61 percent listened to Pastrana's words.

The polling firm noted, however, that Samper addressed the public at 2000 in the evening, and Pastrana followed three hours later.

Pastrana requested time to appear on television to comment on the country's situation, after keeping his word to not make any statements about the government or the first year of Samper's administration.

Ecuador

President Assesses Latest Political Events

PA2708021895 Quito Cadena Ecuador Radio in Spanish 2330 GMT 26 Aug 95

[Report by Patricio Gonzalez; from "The Latest News" newscast]

[FBIS Translated Text] President Sixto Duran-Ballen met today with the ministers of foreign relations, government, and the secretary general of the public administration in order to analyze the country's latest political events.

Unusual activity was detected today at the presidential palace where President Sixto Duran-Ballen carried out several work meetings, mostly to assess the political situation the country is currently undergoing.

The president met this morning with Foreign Minister Galo Leoro Franco in order to receive some feedback with respect to preparations for the upcoming Rio Group and Andean Group presidential summits.

The meeting took place behind closed doors, and the media was only able to learn that it was mostly an information and coordination type meeting related to the two presidential meetings scheduled to take place shortly in Quito.

Sometime close to noon, the president met with several cabinet ministers in order to review the political situation the country is undergoing, particularly the latest events that have been taking place.

As was the case with the previous meeting, this one also took place behind closed doors, and access was barred to the press. Nevertheless, Ecuador Radio was able to learn that some of the issues discussed during this meeting were related to the arrest warrant against Elsa Bucaram, recent events in the Dahik case, and the political trial several magistrates will have to undergo as of this coming Monday at the National Congress.

The president took some time to meet with Carlos Larriategui, secretary general of the administration, and with the government minister on issues surrounding the referendum.

During this meeting, the president received a report on several suggestions made by the various social sectors, as well as the likelihood of a change in the questions to be asked during the referendum. A final decision will be adopted either tomorrow or Tuesday when the official summons to the referendum will be made.

In the meantime, progovernment legislators headed by the Conservative Bloc met secretly today at the vice presidency of the Republic. However, no one was able to find out — and neither was it disclosed — with whom they met.

It was initially speculated that the meeting was with Vice President Alberto Dahik, which was later ruled out after confirming that he was in Guayaquil.

The legislators pointed out that they had met with party bloc leaders to reiterate their support for the vice president of the Republic and also expressed their support for the president of the Republic.

In brief statements to the press, the deputies rejected and denied allegations that Vice President Dahik may have resigned. The deputies stipulated that, on the contrary, the vice president will continue in office until his term concluded in 1996, and that there is no danger of a break in the Ecuadoran democratic system as had been speculated.

The progovernment legislators accused the Social Christian Party of being the masterminds behind the accusation campaign aimed at altering the peace and tranquility of all Ecuadorans.

According to Conservative legislator Leonardo Escobar Bravo: We can rest assured that the situation continues to be normal, because we have a firm government that is putting things in order, despite the negative attitude of those most affected.

Sometime close to 1500, and after an intense workday, President Sixto Duran-Ballen traveled to his home, where he will be spending the rest of the weekend with his family.

Press Secretary Denies President Urging Dahik To Resign

PA2708010295 Quito Cadena Ecuador Radio in Spanish 2330 GMT 26 Aug 95

[From "The Latest News" newscast]

[FBIS Translated Text] Recent rumors, which have been circulating during the past few hours, that President Sixto Duran Ballen has urged Vice President Alberto Dahik to resign because of accusations of improper handling of state funds were described by Presidency Press Secretary Santiago Aguilar as totally false.

[Begin recording] [Unidentified reporter] Were there any meetings today?

[Aguilar] Yes, there was a meeting between the president with the secretary general and the government minister in order to carry out a final review of the summons for the coming referendum.

[Reporter] Did they not discuss an alleged letter by the president to the vice president ...

[Aguilar, interrupting] Not at all, not at all. Those are mere rumors.

[Reporter] Then, you reject those rumors? Presidential candidate Abdala Bucaram had disclosed that ...

[Aguilar, interrupting] You say Bucaram, but I have already said those were mere rumors. Right?

[Reporter] Thank you very much. [end recording]

'Very Special Commission' To Decide on Dahik Trial

PA2708000195 Quito Voz de los Andes in Spanish 1230 GMT 26 Aug 95

[From the "Voz Andes Newscast"]

[FBIS Translated Text] Conservative Deputy Juan Castaner said there was insufficient merit to summon Vice President Alberto Dahik to a political trial. Castaner, a member of the very special commission [comision especialisima] formed this afternoon in the National Congress to study whether or not to summon Vice President Dahik to trial, said that a political trial would be very serious and would gravely affect the country's economic, political, and social situation.

[Begin Castaner recording] Naturally, we as a party, but more than as a party, I personally, have the conviction that there is insufficient merit to subject the vice president to a political trial. This is my personal conviction. Anyway, we, inside the commission, will review with the greatest coherence and responsibility all pertinent documentation so that in the end the commission resolution will respond not to government interests or the interests of the vice president or the interests of my party, but to the interests and hopes of the community.

The vice president, through his attorneys, has filed a challenge [recusacion] to the procedural actions of the president of the Supreme Court of Justice. The vice president, as any ordinary citizen, has the legitimate right to defend himself or to legally argue what he and his attorneys believe pertinent.

From the point of view of a coup d'etat, we believe, and I understand public opinion is aware of this, that a political trial against the vice president at this time or at any other time, has very significant repercussions from the economic, social, and political point of view.

We trust that if the vice president has to stand a political trial, that the National Congress will conduct it with absolute seriousness before the people.

Repercussions from this political trial will hopefully not affect constitutional order. [end recording]

The very special commission was formed this afternoon in the National Congress and comprises Deputies Napoleon Icaza, Oscar Feleri, Gustavo Larrea, Tulio Moreno, Italo Ordonez, Eduardo Veliz, Tito Mendoza, Juan Castaner, and Pedro Lino Sanchez.

The commission must issue a report to the National Congress within five days showing or demonstrating whether the vice president should be brought to trial or not.

Dahik Secretaries Believed To Have Fled To Panama

PA2608231495 Quito Voz de los Andes in Spanish 1230 GMT 26 Aug 95

[From the "Voz Andes Newscast"]

[FBIS Translated Text] Gladys Merchan and Juan Mario Crespo, Vice President Alberto Dahik's secretaries, have disappeared into thin air. Unofficial reports say they escaped to Panama, but the immigration office has no record of their departure. Other unofficial versions disclose that they clandestinely left the country on board a private airplane.

Rodrigo Bucheli, defense attorney for Merchan and Crespo, reported not having had contact with his clients over the past 48 hours.

Deputy Javier Neira disclosed that citizen Jorge Falconi Pareja is willing to testify that he received from Crespo a check amounting to $31,000 as a down payment for a real estate purchase.

Peru

Sharp Drop in Coca Price Noted

PY2408162095 Lima EL COMERCIO in Spanish 9 Aug 95 pp A1, A10

[Article by Miguel Ramirez]

[FBIS Translated Text] Pucallpa — Those who purchase coca for the decimated drug trafficking organizations are offering the lowest price ever for the product: From $80 per 25 pounds of coca two months ago, the price has now dropped to $4.

This sharp price drop, which never occurred before, shows a crisis has invaded in the Peruvian jungle since the arrest of the main Cali Cartel leaders.

Our reporters have been in several areas of the Ucayali and Aguaytia coca producing basins, the two most important after the Huallaga basin. They have seen that the state-owned National Coca Enterprise (Enaco) is purchasing 25 pounds of coca for 40 soles, while the middlemen [panacos] who supply trafficking companies pay as little as 10 soles per 25 pounds.

Pucallpa sources have reported that since the fall of Rodriguez Orejuela's mafia organization in Colombia, the Cali Cartel has reduced its purchases from Peruvian companies to a minimum.

"The coca growers do not know what to do with their crops and are desperate, but the government must be careful about what can happen to these people," an employee of the antinarcotics division headquartered in Pucallpa told EL COMERCIO. The problem is that not all coca growers can sell their product to Enaco.

An official Enaco source told this newspaper on 8 August that the state-owned company is currently paying coca growers from 35 to 40 soles per 25 pounds of coca. The source added that this is the first time Enaco's price is higher than that of the traffickers.

The source added, however, only 32,065 of the coca growers who have registered at the company benefit from the current Enaco price.

Enaco estimates that 250,000 unregistered people illegally plant coca, particularly in the main coca-producing regions, and sell their product to traffickers.

Offensive at Ucayali

The Peruvian National Police, PNP, are fighting trafficking in Peru in conjunction with their Colombian counterparts. The PNP has enhanced its support in the fight against this scourge, this time with the aid of the powerful Russian MI-17 helicopters, which the Peruvian Government purchased in the first week of August. On 5, 6, and 7 August, EL COMERCIO witnessed the first operations by two of these helicopters and the participation of more than 40 members of the Antidrug Division (Dinandro), which is headed by PNP General Gustavo Bravo Vargas.

As a result of these operations, the security forces destroyed two clandestine airstrips, detected six other airstrips that are currently not in use, and found a semi-destroyed small plane that had tried to take off with a shipment.

Agents of the Peruvian Antinarcotics Police are trying to locate processed cocaine obtained from the nearly 49,650 metric tons of coca produced from January to March 1995. Although the coca was sold to trafficking companies, it could not be sent to Colombia in view of the crisis facing the Colombian trafficking mafias.

Interior Ministry official figures, to which EL COMERCIO had access, show that during the first quarter of 1995, the area planted with coca for illegal objectives totalled 132,400 hectares, which produced 49,650 metric tons of coca.

This would have gone to maceration pits and then to cocaine laboratories where it would have been transformed into course cocaine paste, then into washed cocaine paste that would have been sent to the Colombian laboratories for finally processing into cocaine chloride.

The police do not know how much has been processed but they believe none has been sent to Colombia in view of recent blows to the Cali Cartel, the largest purchaser of this type of merchandise. This has resulted in an intense search of possible hideouts for the merchandise in the Huallaga and Ucayacali coca-producing areas.

Signs of Crisis Can Be Noticed Everywhere

Our reporters have been to Pucallpa, Puerto Mairo, and San Cristobal. Trafficker Abelardo Cachique Rivera, aka El Teniente or El Negro, operated in the two latter places before being captured by the Peruvian police. Our reporters heard reports that there is a crisis in places which were previously trafficking bastions.

One fruit producer said the peasants who previously planted coca are now asking him for work because no one is buying the coca they planted exclusively to sell to the middlemen and Colombian cartels.

He added: "No one expected that. Most coca growers did not worry about planting other crops to face this sort of crisis." He said the noise of the small clandestine planes that frequently came to take drugs away is no longer heard.

Nevertheless, some coca growers are already taking precautions. From one of the MI-17 helicopters conducting intense antinarcotics operations on 5 and 6 August, we could observe that fields are half-planted with coca while the other half is planted with fruit trees.

The driver of a bus on the Pucallpa-Tingo Maria route said the number of people who used his vehicle has also decreased, many times he has only three or four passengers.

Weekends in Pucallpa are practically dead nowadays. The main bars, restaurants, and discos are empty or have very few clients.

As if all that was not enough, the decimated traffickers are being chased by the Russian MI-17 helicopters that have been recently purchased by the Peruvian Government. From one of these helicopters, a group of journalists witnessed antinarcotics operations in various areas of Ucayali on the 5-6 August weekend.

On 5 August, the operations were conducted at the Puerto Mairo region and then at San Cristobal, where police agents found on a clandestine airstrip a semi-destroyed small plane that had tried to take off with a drug shipment.

On 6 August, the police forces found that three clandestine airstrips that had been previously destroyed are still out of operation. On 7 August, the policemen destroyed a clandestine airstrip in the Noaya region.

This is the first time Dinandro-PNP forces have two such helicopters, which are similar to those of the Navy and Army. They have a five-and-a-half-hour range, fly at 18,000 feet, and take 22 passengers and some 3 metric tons of cargo.

Colonel "Delta", who is in charge of the operations in the region, said: "We will continue to conduct daily operations. This is the best moment to suffocate traffickers."

Thousands Suffer Coca Price Drop

PY2408174795 Lima LA REPUBLICA in Spanish 11 Aug 95 p 20

[Article by Francisco Mattos]

[FBIS Translated Text] Official figures of the National Drug Prevention and Control Plan, which was approved through Supreme Decree 082-94-PCM dated 27 September 1994, show 200,000 Peruvian families work in coca production, and most of them are poor.

A police program has begun with operations to seize chemicals used to process cocaine paste. The police strategy, however, indicated that "people linked to the illegal drug trafficking organizations would resist or oppose the security forces."

Antidrug Division, Dinandro, sources have pointed out that traffickers easily persuade the desperate coca growers to organize themselves to fight the police "by convincing the coca growers that the sale of their product will be resumed."

DEA figures, which were obtained from satellite photographs, show the areas planted with coca have been reduced by 13,000 hectares, that is by 10 percent over the last five years.

During the same period of time, coca production decreased by 16 percent. It must be pointed out, however, that the largest drop in coca production occurred in 1993, when it dropped by 30.5 percent.

The PNP also pointed out that columns of subversives, which have reappeared in the coca-growing areas, support the coca-growers' fight against the antinarcotics forces.

Police sources warned: "These terrorist delinquents (PCP-SL or MRTA) [Peruvian Communist Party-Shing Path or the Tupac Amaru Revolutionary Movement], who are established in the area where the operations are being conducted, conspire with peasant organizations and clash with the forces of order to neutralize the antinarcotics operations."

The police believe the trafficking gangs will fight the forces of order that are seizing cargoes of chemicals, which are fundamental for processing cocaine paste. A police report lists the following possible reaction by the drug trafficking mafia:

"In retaliation to operations that seek to control the sale of chemicals to peasant organizations, the Peruvian or foreign peasant organizations will attack personnel, vehicles, and/or boats used during the operations. The paid assassins who drive the vehicles that carry chemicals to the processing centers will also attack the agents participating in the operations."

The latest DEA satellite chart — based on which the PNP has drafted a plan to seize 43,000 liters of chemicals required to process cocaine in Peru — shows that coca plantations cover 108,000 hectares, which will produce 150,500 metric tons of coca.

The satellite chart indicates that the largest coca area ever was planted in 1992. It measures 129,100 hectares and produces 223,900 metric tons of coca.

Figures clearly show the coca business has gradually decreased since 1992. This phenomenon directly affects the economy of about 200,000 families which are becoming poorer because they have serious difficulties in selling their coca production.

The SL, as well as the armed survivors of the MRTA, have begun an intense proselytizing campaign in the coca-producing areas in an attempt to channel the coca growers' despair into violence.

Antiterrorism Directorate sources have reported that subversive violence has reemerged in Upper Huallaga and has been increasing since the coca business ceased producing an income for coca growers.

The sources reported: "It is no coincidence that the SL has resumed its activities in the last few months and is again raiding settlements and attacking military convoys in Upper Huallaga."

They added: "After many years, military and police contingents are again being ambushed."

Although a drop in coca production favors the antinarcotics fight, the absence of alternative development programs for coca growers could initiate the atmosphere of violence the subversives are looking for.

The Information and Education Center for the Prevention of Drug Abuse, Cedro, recently conducted a poll among 186 coca growers in San Martin Department. The results make us fear what would happen in Upper Huallaga if the coca economy collapses.

The poll shows that 84 percent of the interviewees said they planted coca strictly for economic reasons, while 7 percent said they did so because legal coca plantations did not receive official support.

While just 3 percent of the interviewees said planting coca was not beneficial, 87 percent said it still yields profits. The Cedro poll confirms the deep social roots of the trafficking problem because those who plant coca are small farmers: 52 percent said they owned less than 1 hectare; 42 percent said they owned 1 or 2 hectares; and 5 percent owned 2 to 3 hectares.

Therefore, the drop in coca prices does not affect the group of farmers who monopolize the coca plantations, but the thousands of peasants who own the 108,000 hectares of coca plantations which, according to DEA, are in the country.

The same source said that in Tingo Maria alone there are 8,000 coca growers. This shows Upper Huallaga dwellers live off this illegal business. They are the ones who have announced a regional mobilization to defend coca growing and oppose the police action.

The drop in coca prices also affects the peasants whose coca plantations have increased production, like the Apurimac Valley plantations which, according to DEA, have increased their yield by 30 percent in the last three years.

After expelling the SL from this region, the Peasant Patrol members began to plant coca to survive; 12,800 hectares were planted in 1992, that was expanded to 17,000 hectares in 1994.

Excessive coca production in the Apurimac Valley and the lack of buyers resulting from the antinarcotics forces repression that strongly affected the Cali Cartel which was supplied with Peruvian coca and from the dismantling of the Cachique Rivera Clan that was one of the main Peruvian trafficking organizations has left the peasants without alternatives.

The Cedro poll points out that the coca growers are willing to change their activities (84 percent), while a large number (62 percent) said they would not allow their children to plant coca. They said, however, that they would not stop planting coca unless they were offered an alternative crop. Although coca growing is not as good a business as it was before, they said they will defend their plantations because they believe prices may rise again: At least this is what the trafficking mafias tell them.

Uruguay

Sanguinetti Notes Importance of Intelligence Services

PY2508182895 Montevideo EL OBSERVADOR in Spanish 18 Aug 95 p 3

[FBIS Translated Text] President Julio Maria Sanguinetti has championed the significance of intelligence services for a democratic system. On 17 August he visited the 14th Airborne Infantry Battalion near Toledo where he observed a demonstration of antiterrorist and antiguerrilla activities.

A journalist from EL OBSERVADOR attended a meeting at the officers casino during which the president, Vice President Hugo Batalla, Defense Minister Raul Iturria, Army Commander in Chief Juan Curutchet, and other civilian and military authorities heard a 14th Airborne Infantry Battalion officer tell Sanguinetti that his unit receives Army Intelligence support for antiterrorist activities.

The president asked: "What democratic country does not have good intelligence services?" He emphasized: "Democracy requires good intelligence services." His interlocutors nodded their agreement.

Yesterday's demonstration by the 14th Airborne Infantry Battalion almost resembled a movie, but the military personnel were using real ammunition and live grenades. The executive branch delegation was occasionally tense and baffled by the demonstration by airborne, rural antiguerrilla, and antiterrorist troops.

Wearing a blue overcoat and a blue hat, President Sanguinetti expressed considerable enthusiasm. He demonstrated his knowledge of weapons by the way he handled them. He told Juan Jose Saavedra, the 14th Airborne Infantry Battalion commander: "I have a P7 pistol, but I'll fire anything."

Making a brief speech at the end of his visit, the president emphasized: "Fundamentalism, terrorism, and drug trafficking unremittingly jeopardize peace." He emphasized the risk of "other military conflicts that have forced us to contribute to peacekeeping forces, which has been done by the Army and generated great pride."

Sanguinetti congratulated the 14th Airborne Infantry Battalion personnel, underscoring their vocation and service capability. The president noted: "These elements are part of the spirit with which we public servants act."

The executive branch delegation initially visited the Parachute Training Center [Centro de Instruccion de Paracaidistas] where they observed personnel in their combat gear and wearing parachutes. The delegation later watched the support and assault sections of the Antiterrorist Company.

The executive branch delegation watched a very tense sniper demonstration yesterday morning. A sniper team fired at targets 300 meters away. The sharpshooters were given very little time to aim, fire, and hit these "unexpected" targets.

Another demonstration involved storming a building to rescue hostages. An attack group took by surprise a three-story building whose front door was blown in with explosives. It was explained that antiterrorist operations involve quickly entering the buildings through various points to guarantee the lives of hostages and prevent the reaction of the terrorists.

A simulated ambush was also carried out. This involved capturing personnel, and seizing equipment and arms behind enemy lines. The ambush also sought to interrupt supplies and communications within a force or among units of a force. It is essential to use camouflage techniques in ambush operations.

Venezuela

Foreign Ministry Blames Guyana for Damaging Disputed Area

PA2608223795 Caracas EL UNIVERSAL in Spanish 25 Aug 95 p 1-12

[FBIS Translated Text] A press bulletin the Foreign Relations Ministry has issued states that Venezuela blames the Guyanese Government for the irreparable human, ecological, and property damage that the spill of poisonous substances into the area in dispute may trigger and demands, once more, a stop to the unilateral and irrational policies of exploitation in the Essequibo Territory.

The bulletin, which was distributed yesterday, reads that the Venezuelan Government, after receiving information on the accident which polluted the Omai and Essequibo rivers, voices its concern for the human, ecological, and material consequences this incident, caused by a gold extracting company, may elicit.

The bulletin also states that waters with a high concentration of cyanide first flowed into the Omai River and then into the Essequibo River. It is estimated that 1.25 million cubic meters of water contaminated with highly toxic waste flowed into the two rivers; this is why the damage to the fish and the people who eat them or who drink the water could be irreparable.

"Since the coming into effect of the 1966 Geneva Agreement, the Venezuelan Government has repeatedly pointed out to the Guyanese Government the risks of an indiscriminate policy of mining and lumber concessions in the Essequibo Territory. This policy lacks the security measures required to prevent disasters such as the one we are witnessing today," the official document states.

"Within the spirit currently characterizing the relations with the government of the Cooperative Republic of Guyana, the Venezuelan Government stresses its adamant opposition to this indiscriminate policy of mining and lumber concessions, as well as to any other decision the Guyanese Government makes on the Essequibo Territory permanently and irreversibly altering this region over which we claim sovereignty.

"Finally, while the Venezuelan Government regrets the incident dealing with the flowing of cyanide into the Essequibo River, it demands the Guyanese Government show evidence of its political resolve and respect for international obligations stemming from the Geneva Agreement, which compels the parties to seek a satisfactory solution and a practical arrangement over the controversy over the Essequibo Territory," the bulletin concluded.

A Disturbing Factor

Diplomatic circles commented on the vigorous tone of the Foreign Ministry bulletin, pointing out that it largely contrasts with the tone used in the recent meeting Presidents Rafael Caldera and Cheddi Jagan held in Port-of-Spain, where they agreed to resume the negotiations on the border dispute.

It is feared that this new incident, which unfortunately almost coincided with the presidents meeting, could become a new disturbing factor in the two country's bilateral relations.

Venezuela claims a territory of 159,000 square km located on the western bank of the Essequibo River. This territory was taken away from Venezuela by the so-called 1891 French Decision. Guyana, a former British colony that gained its full independence in 1970, has occupied this region, which is included in Guyana's cartographic maps and territorial figures.

1996 Ministry of Defense Budget Published

PA2608015395 Caracas EL NACIONAL in Spanish 19 Aug 95 p d-7

[Article by Ascension Reyes R.; quotation marks as received]

[FBIS Translated Text] The Ministry of Defense budget for 1996 is 250.4582 billion bolivares, 7.28 percent of the 1996 national budget.

Compared to this year's budget, it reflects an increase of 32.6621 billion bolivares, or a 14.99 percent increase.

The justification of the Defense Ministry's budget presented by Defense Minister Division General Moises Orozco Graterol to the Deputy Finance Committee establishes that the implementation of the of the budget will cover the costs of national security and defense "which, according to the National Constitution and existing norms, are entrusted to this Ministry and are aimed at guaranteeing the sovereignty and integrity of the nation."

The Ministry justifies an increase in its expenses on the following basis: vegetative increase, additional services, development of infrastructure and maintenance, and the remaining areas of the defense sector.

In this first annex, we see the distribution of Defense Ministry expenses and its variations compared to this year.

The document stressed that special attention will be paid to the maintenance of FAN [National Armed Forces] equipment with the purpose of extending its useful life, and so, reducing the program to acquire new equipment. In addition, a part of the expenditures will be allocated to the border zone by increasing operating and maintenance expenditures at the border bases and at the Theater of Operations, as well as to the creation of new settlements that will make it possible to increase the population in the regions along the common borders with neighboring countries. Priority will also be given to the training of military personnel in order to increase military maneuvers so that personnel can be trained and prepared to handle any situation as the country requires.

Personnel expenditures: The aspect dealing with the Standardization of Military Personnel Payments and the enforcement of Decree 534 of 18 January 1995, which contains a 30 percent salary increase, was taken as a constant factor. The document included the implementation of the agreements signed between the executive branch, Fede-Unep [National United Federation of Public Employees], and CTV [Venezuelan Workers Confederation].

The annex emphasized that to face these obligations the Defense Ministry was forced to make "savings on its budget and in that way redistribute those resources. As a result a deficit was created in other areas, and, therefore, the goals and objectives set forth in the 1995 budget were not met.

Operating expenditures: Special attention will be paid to operating expenditures, "due to the importance of maintaining the weapons systems in operational order to extend their useful life. These funds are affected because spare parts and technology are for the most part imported, and the dollar exchange rate set by Ocepre [Central Budget Office] is 170 bolivares to the dollar.

Military investments: A total of 7,936,370,000 bolivares has been earmarked for acquisitions. "This amount represents a negative trend of 11.85 percent compared to the previous year. Another element hindering the replenishing of the weapons systems and equipment is the slow implementation of the Acquisitions Program because of excessive controls by the different legal instruments that block a significant percentage of the plan's implementation."

Project Areas: Projects will be affected in 1996, since "they constitute a source of financing for the funds to standardize remuneration of military personnel. In that respect, the defense sector in the next fiscal year will commit itself to finishing the projects that were begun in the previous years and leave pending those corresponding to fiscal year 1996.

The document added that "the assigned budget for the coming year contains a deficit and can hardly cover the constant needs for a good performance, a requirement of the institution. In addition, the FAN's operational capacity will be very limited, and the fiscal deficit will continue to grow because of the number of factors that have a bearing on our economy, and, therefore, on the military institution, such as the inflationary index that every day raises the cost of the goods and services required by the branches of the Defense Ministry."

In 1994, the amount to be contracted totals 8.978 billion bolivares and $517 million, of which only $459 million have been obligated. A total of 2.5 billion bolivares from the national budget [componente nacional] would go for welfare and social security, and $144.28 million of the total amount have already been obligated. For military investment 6.478 billion bolivares and $202 million have been contracted. No amount has been obligated in bolivares, and there are only $144.28 million for this purpose. For the Army, this investment breaks down into 1.007 billion bolivares and 69.9 million [currency not specified]. The amount that has been obligated totals $64.9 million. In addition, 995 million bolivares have been earmarked from the national budget for the Navy, which has obligated $37.45 million, an amount that was contracted in 1993.

The Air Force still has to contract 1.291 billion bolivares and $81 million and $5.4 million have been obligated.

With respect to the FAC [National Guard], the amount earmarked from the national budget totals 825 million bolivares. The reasons this branch gives for its inefficient use of resources include the nonexistence of a sufficiently clear procedure to define the steps to follow to request these resources; the different criteria and actions that have to be conducted in the institutions that approve the bonds and financing projects; the long time the process of approving a public loan operation takes — estimated at 18 months — which includes the bidding and approval processes by the Comptroller's Office; and the unique characteristics of some military investment projects that limit the use of the procedure introduced by Cordiplan [Office of Coordination and Planning] to evaluate and register them outside the military context (acquisition of equipment and the recovery or refurbishing of weapons systems). The special resources approved with the Public Credit Law during the fiscal year are directly related to the revenue estimates contained in the National Budget Law.

For that reason, these funds are available from the standpoint of planning but, in practice, the emergence of other priorities limits their utilization, and the possibility of using the resources contained in the 1994 Public Credit Law is seen as remote because those resources are available until 31 December 1995, and the National Congress has still not authorized the issue of the corresponding bonds.

1996 Public Credit

It is argued that this loan is difficult to implement because of what has just been explained, and that is why the Defense Ministry thinks the executive branch should take into account the following considerations for it to be feasible:

A one-year extension of the time span to obligate the approved resources by the 1994 Public Credit Law. This will permit their use. This would be done by including an article that will address this authorization in the 1996 Public Credit Law.

The executive branch should order the entities involved in the planning, processing, approval, and control of the resources authorized by the Public Credit Law (Cordiplan, Ocepre, Finance Ministry, Comptroller General's Office, Defense Ministry) to establish an expedient procedure within the current legal framework that facilitates the implementation of authorized resources.

The executive branch, through authorized organisms, should evaluate the possibility of creating a legal instrument that will make the possibility of using resources outside the regular budget for security and national defense viable.

The document concluded by practically urging the National Congress "to conscientiously analyze the requests made and use this opportunity to make the more appropriate decisions for the good of the nation and the military institution."

Funds Contained in the Public Credit Law For 1996 [amounts in millions of bolivares, Bs, or dollars]

	Amount To Be Contracted		Amount To Disburse	
Projects	Bs.	$	Bs.	$
Welfare and social security			3,774.00	

	Amount To Be Contracted		Amount To Disburse	
IPSFA [National Armed Social Welfare Institute]				
Military Personnel Trust Fund	28,000.00			28,000.00
Military Investment	4,972.00	1,121.50	3,458.00	236.76
Army	2,507.00	405.00	1,469.00	76.30
Navy	0	290.00	295.00	66.65
Air Force	1,950.00	387.50	1,150.00	51.11
FAC	515.00	129.00	544.00	42.70
FFAA [Air Force]				
Strategic Recovery Plan		324.00		51.84
Major Maintenance Plan				
Major Maintenance Plan For Navy's Operational Units		136.00		55.35
FAC Urban and Border Military				
Installations Program	500.00		750.00	
Los Monjes Archipelago				
Consolidation Program	250.00		288.00	4.91
TOTAL	35,026.50	1,673.50	37,574.50	340.86

Items	1995 Budget	1996 Bill	Difference
	and	and	95 - 96
	modification	Budget	
Central Administration	31,180.9	38,381.5	5,200.6
Land Defense	39,988.4	47,552.8	7,564.4
Naval Defense	25,545.1	29,845.6	4,300.5
Air Defense	23,680.6	28,150.6	4,470.0
Cooperation	34,176.7	41,172.5	6,996.3
Presidential Guard	758.5	882.4	103.9
Military Justice	202.1	286.0	83.9
Support Service	1,737.4	2,857.2	1,119.8
Court Martial	136.2	157.5	21.3
Welfare and Social			
Security	8,461.0	8,920.9	459.9
FFAA Comptroller's			
Office	321.4	392.8	71.4

Items	1995 Budget	1996 Bill	Difference
Public Sector			
Organization Allotment	38,523.5	42,427.5	3,904.0
Nonappropriated Funds	11,084.2	9,450.9	(1,633.3)
TOTAL	217,796.0	250,458.2	32,662.1

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